

**ELECTION
WATCH '81**

The media

Using the medium for media-bashing

by Warren Mayne and Richard Fletcher

IT's shaping up as another of those general election campaigns — fought through the 22-inch width of a TV screen, rather than the length and breadth of New Zealand. Already the National Party has exploited the medium to carry the message against the media.

What came out of last weekend's live-telecast party conference, to viewers at least, was neither of the issues that

dominated proceedings inside and outside the Wellington Town Hall.

It wasn't the anti-tour demonstrators outside — the TV cameras were all inside and the protesters had to settle for a minute or so on scheduled news bulletins. And it wasn't really the growth strategy the Nats said TV should have been concentrating on — despite the razzmatazz treatment they accorded growth in their televised conference "setpieces".

No, the ongoing obsession of National's conference managers seemed to be live TV — the very matter that, pre-conference, party president George Chapman had laughingly chided Labour about.

One word permeating proceedings was "orchestration" — yet the only orchestration, in the literal sense, to come across in the nation's living rooms was the party's swing band belting out "In the Mood" to psyche

delegates for the only one of Prime Minister Rob Muldoon's umpire appearances officially scheduled, the Sunday afternoon leader's rally.

And from then on, right to the conference wind-down 24 hours later, TV-bashing was in the fore, to such a degree that it hung heavily over the beleaguered media contingent covering the party get-together.

All this went right back to the Broadcasting Corporation's

precedent-setting decision to cover party conference live for extended periods during morning and afternoon sessions, rather than restricting its coverage to the customary glut of late-night edited and thrashed-over highlights.

One catch, though, for the trad parties — Social Credit later this month will be accorded exactly the same TV overkill, a promotion to parity with the two major parties that pleased neither Labour presi-

dent Jim Anderton nor Chapman.

But Labour accepted gracefully enough and were getting value from the BCR bounty.

Labour, of course, played for the live coverage period with its characteristic "yo, ho, ho" good intentions and lack of finesse, opting for heavy-handed and regressive shows of party unity — notably deputy leader David Lange's good heart and voice, a penance for past revisionist tendencies — even if managers couldn't match the timing properly to the live TV.

At that stage Chapman was tut-tutting indulgently at how Labour had tried its management. By the evening's conference, however, Chapman's tut-tutting had turned into open touting: how professionally tailored TV his big weekend would be.

But, of course, professional organisation of the TV is solely in National's control: insufficient to sweeten delegates and parliamentarians by what TV was focusing on otherwise. In a word: two, anti-tour protests.

And after a weekend of stage theatrical effects it would have done the *Shore* proud, with elaborate stage charts and graphics to illustrate simplistically a growth philosophy, both Chapman and Muldoon still had to admit they hadn't come with an extravaganza to the Telethon.

Chapman conceded gladly. He laboured the point (without harking back to Labour) that you couldn't have a good old-fashioned conference with TV cameras taking priorities. But he conceded the Nats hadn't to pay anything for their big sized commercials.

Muldoon, however, was one to be grateful for the BCNZ's generosity to hand out free TV time. He took big chunks of it to recollect old tunes about having to go over the heads of the media to get the party line across to the people.

After all this, it was a bit of TVNZ chief political reporter Dennis Grant who posed Muldoon's accusation on *Nat* or *Ten* with visual reminders of how the Nats had orchestrated their TV time to parade candidates for marginal seats and how key Cabinet Ministers had had their say without a Ion Fraser interruption.

Perhaps the BCNZ realises it had headed the wrong disaster warning. Rugby Park, Hamilton, had frightened the broadcasting chiefs to cry off any further coverage of Springbok matches for fear of life and limb. If they had foreseen the National Party conference, backlash, might they would have imposed the blackout on political coverage instead.

But, for all the razzmatazz, there were more than usual pre-election signs that the National Party for 1981 is riding high hopes on a high TV profile.

One of the most conspicuous figures on the conference floor was an American with a string tie — Brad Fletcher, the advertising agency's double-deployed by the party's advertising agency, Double Wiggins McCann Brinkman, to help spearhead the National election hard sell.

NEW ZEALAND'S
NATIONAL WEEKLY OF
BUSINESS, POLITICS
AND ECONOMICS

Incorporating Admark and
NZ Data Processing

\$1.00

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NATIONAL BUSINESS REVIEW

Strong lobbying to axe Credit Contracts Bill



Barry Purdy opposed to measure

by Klaus Sorensen

A DETERMINED lobbying campaign aims to shunt the Credit Contracts Bill out of this legislative session.

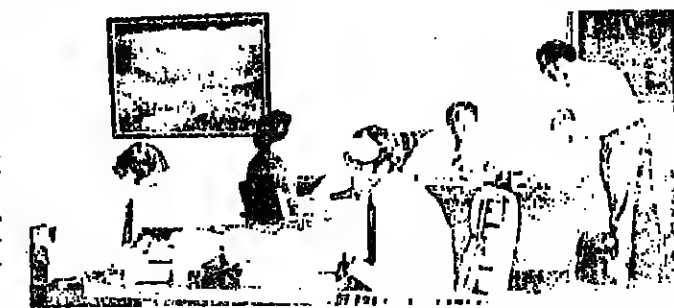
And those in favour of the bill are worried that attempts to stall it will spell the death-knell for the legislation, which they believe is an important attempt at consumer protection.

The bill sets out to expose

what it terms "oppressive" credit contracts, seeks full disclosure of real financing costs in credit transactions, and will also overtake the controversial and antiquated Moneylenders Act.

But several powerful groups are unhappy with the complexity and far-reaching implications of the bill.

Continued Page 16



Banks, other lenders ... more paperwork

Probe into wine flavouring

by Warren Berryman

GOVERNMENT inquiries have followed the discovery by

a Customs officer that more than 5000 litres of German artificial Rhine Riesling wine flavoured have been imported into this country in the past 10 months.

The Government's interest

in the shipments has involved Customs, DSIR analysts, the Health Department, and Cabinet Ministers. The Wine Institute has also been involved.

Health Department assistant director Jim Fraser told *NBR* he knew who had imported the flavoured wine and who had bought it.

Continued Page 2

MOT severs Link

by Warren Berryman

TRANSPORT secretary Jack Healy has issued two edicts under the International Air Tariff regulations aimed at Sabena Belgian World Airlines and a major airfare discount, The Link organisation.

All excursion fares to Brussels have been withdrawn from August 8. And from that date no air tickets or travel vouchers may be issued here on Sabena paper.

Tickets already issued on Sabena ticket stock must be withdrawn and rewritten on another IATA carrier's paper.

Both edicts strike at the heart of The Link's discounting operation — one that increased that company's turnover and

channelled large volumes of traffic through Air New Zealand for years by offering air tickets at prices lower than those approved by the Ministry of Transport.

However, The Link is yet to be officially advised by the ministry.

The Link, through an associate company, Consolidated Travel Services Ltd, obtained the New Zealand Sabena agency from Jetset Tours owner Izzie Liebler. Liebler retained the Sabena agency in Australia where his Jetset Tours is the largest travel company.

Jetset recently formed a joint venture with Nahan's Travel in New Zealand.

Continued Page 12

Red tape strangles lobster industry

by Allan Parker

A \$7 million a year export industry is under threat from proposed regulations which the administering Government department agrees are not needed to satisfy American customers.

The regulations will require the deep-freezing of rock lobsters before landing to be implemented on October 1. And if they take effect, they will jeopardise the livelihood of most lobster fishermen in the deep south.

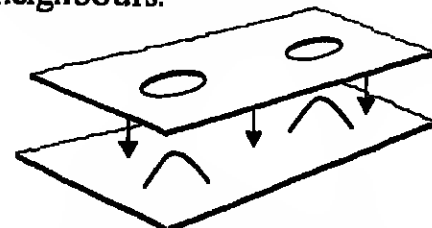
On Stewart Island, for instance, lobster fishing is the single most important industry, bringing in nearly \$1.7 million a year to the local economy.

The islanders claim the regulations will cripple not only the industry, but the island's economy.

Continued Page 31

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The week

Import of wine flavouring sets off probe

From Page 1

Artificial flavouring may legally be used in flavoured wine, alcohol beverages or liqueurs. It may not be used in table wines.

Only two companies make flavoured wines — Cooks and Montana. Both companies say they have neither bought nor used the Rhine Riesling flavouring.

Wine industry sources consider the total volume of liqueurs and wine cocktails manufactured here to be too small to use the quantity of flavouring that has been imported.

Since the wine regulations were changed last year, no company makes alcoholic beverages such as Brother Dominic.

Fraser said he expected his analysts would detect the presence of flavouring, it had been used to make wine.

But he points out that there is no law to prohibit a wine-maker from buying flavouring or storing it on his premises.

The departmental inquiries

began when the Customs Department looked at a shipment of Rhine Riesling flavouring from Germany's Haarmann and Reimer Company to Bayer New Zealand Ltd. Customs asked the DSIR to analyse the product to see if it contained a solvent for duty purposes.

A wine-maker — who is not under investigation — and the Health Department also obtained samples.

The Health Department found no fault with the product, provided it was not used in table wines.

Customs traced the passage of the flavouring from Bayers to Brewers and Winemakers Supplies Ltd, based in Henderson.

Neither Brewers and Winemakers Supplies nor Bayers would comment to NBR about the product or its end-use.

Fraser said the Health Department had been through Brewers and Winemakers records, and he knew where the flavouring was going.

Shipments of the Rhine

Riesling flavouring started with a sample package in March 1980, followed by an airfreight shipment of 250 litres to May. There have been regular shipments of varying quantities since then.

Customs stopped the last 2000 litres, took samples and released it last Thursday. When it was released, the Health Department was in a position to follow it to its destination.

The Government officials are interested in determining if it is being added to wines, and if so, what types.

Despite the legal prohibition, many wine companies are known to have used essences to boost the flavour of poor-quality or over-watered wines.

The Health Department's interest in the German shipments, tracing where the flavouring has gone and determining how it is being used follows its strong warning to the wine industry — there are more than 100 members of the Wine Institute — a few weeks ago.

Fraser said wine-makers now knew that if there were subsequent breaches of the law, "there will be no warnings. They all know that the days of warnings are over."

The Wine Institute has reinforced the Health Department's warning. In a confidential newsletter to members dated July 20, in-

stitute executive officer Terry Dunleavy warned that members who had not got the message that the Department's Health meant business "are simply kidding themselves."

"Does someone have to end up in court? Does someone have to have his stocks seized for mislabelling?" Anyone "silly enough" to

market a table wine which did not comply with the regulations would be prosecuted, and anyone who took advantage of the delayed introduction of the higher standards for fortified wine was "skating on very thin ice... Don't say you haven't been warned — and furthermore, this will probably be the only warning you will get."

Odourless, colourless . . . tasteless

by Lindsey Dawson

THE Apple and Pear Board is doing experimental work on an apple juice product which is virtually tasteless, odourless and colourless.

The product is known as an ion exchange concentrate and is commonly used overseas as fruit juice extender. The juice is treated using various techniques so as to remove colour

and flavour to a point where it can be added to other juices to bulk them out without altering the flavour. The juices thus added to can still be marketed as "100 per cent juice".

A and P Board executive Dean Soldera said that the results from a Nelson pilot plant were still being studied, but that a plant to produce commercial quantities might be set up in Hastings by the end of

this current year possibly. He said the board had studied the export possibilities of the product in great depth at this stage, and the limited quantities available initially would probably go to the New Zealand market.

He was unable to say yet how the new product will be used. "It's too premature to make extravagant claims yet. But we're hopeful."

AS at August 13, NZ dollar	
Britain	.4535
US	.8167
Canada	1.0064
Australia	.7198
Fiji	.7322
Austria	14.21
Belgium	33.58
China	1.4664
Denmark	6.4509
France	4.8829

Exchange rates	
Greece	50.16
Hong Kong	4.8280
India	7.3558
Ireland	.5572
Italy	1009.94
Japan	188.04
Malaysia	1.9218
Netherlands	2.2595
New Caledonia	

and Taliti	
Norway	5.65
Pakistan	7.93
Portugal	5.15
Singapore	1.24
South Africa	3.1
Spain	82.2
Sweden	4.31
Switzerland	1.56
West Germany	2.04
Western Samoa	2.85

Week that was

ACTION by New Zealand air traffic controllers in support of their striking American colleagues disrupted air services to the United States. The ban was lifted after Acting Prime Minister Duncan McIntyre agreed that a study mission should examine American safety standards.

A RANGE of wooden toys was withdrawn from sale after a Department of Health statement that some dyes used on the toys could be health hazards.

FORMER assistant police commissioner Gordon Tait said he would put his name forward for duty as a special constable. Police Commissioner Bob Walton said that in general the force would prefer experienced but younger men.

AT the Pacific Forum meeting in Vila, French diplomats lobbied to head off a confrontation over French Pacific colonies. Later, New Zealand supported a call for New Caledonian independence.

Week to be

MONDAY: NZ Industries Fair Christchurch, to Saturday week.

TUESDAY: Wilson Neill Ltd AGM, Dunedin

WEDNESDAY: Conference of Asian Studies, Massey University, to Saturday

THURSDAY: Goodman Group Ltd AGM, Wellington

FRIDAY: Mamble Holdings AGM, Wellington

SATURDAY: Naylor Love Construction Ltd AGM, Dunedin

SUNDAY: Chenery Holdings Ltd AGM, Auckland

MONDAY: Mamble Holdings AGM, Wellington

TUESDAY: Regins Confections AGM, Oamaru

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The week

Synfuel plant: Govt dithers, figures differ

by Ann Taylor

THE Planning Tribunal hearing of the case for the synthetic fuels plant moved into its second week while Energy Minister Bill Birch ponders the economic analysis of the project. Causus have not yet looked at the paper and NBR understands Government is of the mind to take the full 60 days allowed before it makes a decision whether to proceed with the project.

Energy deputy secretary Bill Falconer told the tribunal that the plant would be the largest

of the gas-based projects and have a major impact on the economy — to the tune of \$300 million a year in net foreign exchange earnings over the life of the plant, if the price of imported oil rose 3 per cent a year.

Falconer, who alternates for Dr Colin Maiden, chairman of the Synthetic Fuels Corporation, and for Energy secretary Bill Duncan on the Joint Economic Committee, which has done the spade work for the project, is obviously in a good position to know the facts.

Presiding Judge W J M Treadwell has allowed parties to address themselves to the national benefit of the process but not to the country's balance of payments which was "a matter for the Government." But Falconer gave what he described as a "personal" account of the figures.

Under cross-examination Falconer declined to produce supporting evidence for his figures which differ markedly from figures supplied by Prime Minister Rob Muldoon last month which show a net foreign exchange earnings of only \$70 million in 1986, rising to \$105 million in 1989.

Falconer said that it was unusual, anyway, for public servants to testify on something that Government has not actually decided on.

And the content of his testimony would not fit National

party president George Chapman's view of the big projects. Speaking to a Stratford meeting, the same week, Chapman said "the cost of these major energy development projects is academic."

"We must develop energy and quickly, or face the alternative of drifting back to a peasant economy."

Falconer told the tribunal that by 1986 the plant would supply one third of the country's petrol requirements. But NBR understands the new gas plan, likely to be incorporated in the Energy Plan which will be tabled in the next two weeks, indicates that the plant will only use 10 petajoules of gas in its first year of operation, rising to 52.5 petajoules — its full capacity — by 1989.

"While it is too soon to be definite," Falconer said "I have calculated that even if there was

no further increase in the price of oil the synthetic petrol plant could contribute net foreign exchange earnings of around \$100 million a year by 1986 and around \$170 million over the life of the project."

Mobil's experts at the hearing included Richard Graves, manager of the company's process engineering research division in New Jersey. He said the hydrocarbon product from the two methanol plants and synthetic fuel catalyst was primarily gasoline — about 80 per cent yield.

The major by-product was LPG and would be burned as a plant fuel under current plans.

The methanol-to-gasoline technology will get its first commercial application here but the catalyst has been produced commercially for several years and Mobil has five processes based on it.

Graves said the product meets or exceeds local premium petrol specifications. But to meet them the initial product has to be processed in a heavy gasoline treatment unit to reduce the high level of duren which can cause stalling in car engines.

Mobil has offered catalyst performance guarantees of yields and catalyst life, and Graves expressed confidence that no expected phenomena would occur in the scale-up process.

Ministry of Works district planner C G Mills outlined the reasons for choosing Taranaki as a site for the plant but conceded that there were 40 alternatives to the specific Motunui site considered. Whether petrochemical plants should be on one site or dispersed was a matter for regional and district planning, he said.

Dispute escalates

by Allan Parker

AN inter-union demarcation dispute over work on Petrocorp's ammonia-urea plant in Taranaki has escalated into a major tug-of-war despite an apparent compromise deal worked out by their parent Federation of Labour.

The deal was set up by the Federation of Labour and presented to the Arbitration Court last week.

But events since last Tuesday's hearing in Wellington make it clear that the argument over working rights on erection, assembly and dismantling of a crane on the project site has spread to all rigging work and erection of all structural steel.

Unless resolved, similar trouble will undoubtedly arise on other energy-based projects in Taranaki and possibly other large projects throughout New Zealand, confirming earlier fears that the apparently minor tussle over a site crane in fact contained the elements for national problems (NBR, August 10).

The Engineers Union claims it has the right for such work in the Taranaki region through long-standing custom and practice, a provision that is formalised in the Industrial Relations Act.

Employers support the engineers; they feel more comfortable dealing with that union and would prefer to have just one workers' organisation represented in negotiations. However, the Labourers' Union has demanded a share of the crane assembly work.

The crane in dispute was used on the Huntly power sta-

tion site, where a similar problem occurred.

That was resolved by having members of both unions working on the crane assembly and dismantling and the same compromise deal was proposed by the Federation of Labour at last week's Arbitration Court hearing — two engineers and two labourers.

The hearing was initiated by project contractors Robert Stone, a Taranaki engineering company, who wanted the issue resolved by the court before it began to affect other site work. The Arbitration Court, told of the FOL compromise agreement, adjourned the company's application until next Monday. But since that hearing the Labourers' Union has indicated it now wants all the work that the engineers had assumed would be undertaken by them.

And the FOL has reimposed a ban on erection of the crane, saying the agreement between the two unions will only become effective if Robert Stone withdraws its application for an Arbitration Court determination.

Behind the ban by the FOL is its policy that demarcation disputes should be settled internally within the union movement, not by outside parties such as the Arbitration Court.

Some site work is still able to be done, but the critical path of the project construction has been held up.

Concern about the dispute at a national level is such that the Employers Federation has warned Labour Minister Jim Bolger about the potential problems that could stem from an unsatisfactory solution.

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Depth of column: 40cm.
Width of column: 10 cms (42mm).
Width of page: 81 cms 3 points (258mm).
Full page: 240 column cms.
Printed: Web offset on newsprint.

MATERIAL REQUIREMENTS

Black & White or Spot Colour:
Negatives accepted or camera ready copy.
Complete art, layout and typesetting service available. Screen ruling: 40 lines per cm (100 per inch) recommended.

Four Colours:
Separated negatives suitable for newsprint reproduction or original artwork and transparencies. Screen ruling: 40 lines per cm (100 per inch) recommended.

DEADLINES

Specs Booking Deadline: 5 weeks prior to publication.

Copy Deadlines:
Camera Ready Copy or Negatives: 3 weeks prior to 1st Monday of month of publication.
Material for Typesetting and Composition: 4 weeks prior to 1st Monday of month of publication.

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- ★ Size of market: Over 430,000 persons aged 60 and over.
- ★ Estimated \$3 billion annual spending power.
- ★ Receiving over \$25 million every week from Government Superannuation.
- ★ 43% travelled overseas in the past 24 months.
- ★ 48.6% have fixed term investments.
- ★ Approximately 70% own their homes freehold.
- ★ 28% own a late model car (1975 or newer).
- ★ 81.5% work in the garden regularly.
- ★ 57% are married and living with a partner.
- ★ 64% shop at supermarkets weekly.
- ★ 94.2% read a newspaper 5 days of the week.

Publication Facts

Published first Monday of each month.
Initial Print Run: 30,000.
Estimated readership: 100,000.
Circulation potential: 307,000.
Size: Tabloid newspaper.
Colour: 4 colour cover, back and centre spread.
Distribution: National newstand sales: Gordon & Gotch. Plus Senior Citizens Clubs, etc. throughout New Zealand.
Cover price: 50 cents.
Printing: Web offset on newsprint by Taranaki Newspapers Ltd, New Plymouth.

Regular Features

- Travel
- Finance & Investment
- Tax
- Health & Fitness
- Retirement
- Legal
- Gardening
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- Sport:
- Bowls, Golf, etc.
- Entertainment
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- The Arts
- Club News

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Finance

The business week

Airwork New Zealand Ltd sold its agricultural aviation division to a new company, Airwork Agricultural Aviation Ltd.

Ajax GKN Ltd: Audited profit after tax for the year ended June 30 was \$1,973,000 (last year \$2,018,000). A one-for-four bonus issue and a final dividend of 14 cents per share are recommended. The AGM will be held on October 29.

Andrews and Beaven Ltd announced discussions with Minor Traders (NZ) Ltd aimed at rationalising the activities of both companies.

Arnold and Wright Ltd: Net profit after tax for year ending April 30 \$329,200 (last year \$245,068). A final dividend of 20 cents per ordinary share with 2 cents tax free will be paid. All dividends will be paid on October 25. The AGM will be held on October 8.

Atlas Majestic Industries Ltd: Bidwell Palmer and Co offered to buy 1 million ordinary and specified preference shares in Atlas Majestic at 55 cents per share.

Ballins Industries Ltd will increase its authorised capital to \$21,750,000 by creating 20 million additional 50c ordinary shares. An issue of 200,000 shares to employees under a staff share scheme will be made immediately.

Canterbury Frozen Meat Co Ltd chairman Ian McArthur confirmed that on July 27 the Primary Producers Co-

operative Society Ltd purchased Fletcher Challenge's 10 per cent shareholding in CFM.

CBA Finance Holdings Ltd: Audited net profit after tax for the 15 months ended June 30, \$1,855,796. A recommended final dividend of 6 per cent will be paid tax free on October 5.

Cooks New Zealand Wine Company Ltd: Audited profit for the year ended June 30, \$773,023 (last year \$1,042,181). A tax-free final dividend of 11 per cent will be made, subject to High Court approval making a total dividend for the year of 16 per cent (last year 15 per cent).

Cue Boerger Resources No Liability: Applications were received for over 16 million shares, approximately 90 per cent of those on offer.

Independent Broadcasting Co Ltd: Unaudited profit before tax for half year ending July 31, \$52,427 (last year \$62,990). An interim dividend of 8 per cent (unchanged from last year) will be paid on October 20.

AFIER acquiring the Trans Tours operation from UBB Ltd, Milland Conchlines has sold its 20 per cent interest in Bunting and Company Ltd. The Trans Tours operation gave Milland the base it needed to increase its share of Australian tourists coming to New Zealand.

Motor Traders Ltd: Directors recommended shareholders accept an offer from H W Smith Ltd of 95 cents cash for each ordinary share, 85 cents cash ex dividend for each specified

preference share and \$1.20 for each cumulative preference share. The directors said they intended to accept the offer for their own shares.

Tolley Holdings Ltd issued 44,000 \$1 ordinary fully paid shares as part consideration for the acquisition of shares in Cory-Wright and Salmon.

Tolley Holdings recently acquired a 20 per cent interest in Cory-Wright.

United Publishing and Printing Company Ltd: Audited consolidated profit after tax for year ended March 31, \$1,311,366 (last year \$1,065,491). A one-for-five bonus issue and final dividend of 9 cents are recommended

making the total dividend for the year 12 cents (11 cents last year). It will be paid on September 25.

D Mel Wallace Ltd: Audited after tax profit for year ending April 30 \$359,995. The audited results have decreased group profit after tax by \$22,487 and shareholders funds are reduced from \$5,993,436 to \$5,968,663.

Economic indicators

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Employers call for 7 per cent pay rise ceiling

by Allan Parker

EMPLOYERS plan to enter this year's round of wage negotiations with a surprise package argument they say proves a single-figure wage round of 5 to 7 per cent is sufficient to maintain real incomes in the coming year.

Their assessment is based on a new approach to the economic analysis that precedes the negotiations.

Previously, the employers have gone to bat with the trade unions using wage rates as the basis of the negotiations.

This year they intend basing their case on real incomes that have been gradually boosted since June 1980 by last year's wage round and two general wage movements.

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Editorial

UNTIL the last Cabinet reshuffle, the portfolios of Forests and Environment were administered by one Minister, Venn Young. The result, in terms of his successfully promoting the conflicting objectives of both a commercially oriented Forest Service and the environmental lobby, predictably, was far from successful.

But things are different now, and Young's successor in the Environment portfolio, Dr Ian Shearer, is effectively demonstrating the merits of keeping a vigorous check on Forest Service activities.

In strongly criticising the clearing of lowland native forest in the Karama region of the north-west Nelson Forest Park, Shearer blew his bellows on a controversy which raised issues as burning as the jelled petroleum used by the Forest Service for its burn-off.

No doubt many of the public were left wondering who was right as claim and counter-claim were banded around about Forest Service action and policy. But the Forest Service has long been a creature of contradiction. Where else do you find civil servants designated "conservators" whose duties oblige them to supervise activities which have little in common with conservation (the assistant conservator of forests at Nelson, questioned by "Truth", defended the decision to burn off part of a forest park in his region, and said flaming jelly

would destroy a further 58 hectares of clear-felled native bush in a plan to "convert" it to pine). There's irony, too, in Young's approving the clearing of State native forest in special circumstances in the same week as he criticised an Opposition bill which aimed to ban the use of gln traps on the grounds that it would legislate in a way which meant the greater destruction of forests.

The row over the Forest Service's methods started when Labour's Sir Basil Arthur asked if it was Government policy to use napalm to burn off native bush and what was done to ensure that no millable timber or birds were burned. Warren Cooper (on behalf of Young) replied that a form of jelled petrol had commonly been used to start the fire because this allowed the work to be done by helicopter, making the job safer and allowing greater control. Using the term "napalm" was sensationalising the matter, Cooper complained.

Shearer entered the fray to dismiss as nonsense the Forest Service denial it used napalm; the difference between napalm and the aluminium service said it used was negligible, he insisted — both were types of jelled petrol and both used aluminium soaps as a jelling agent.

In Shearer's view, the real issue was the fact the service was still clear-felling and burning native forest; while he accepted

that some exotic planting must go ahead in the Karama area, to enhance the region's prosperity and to take the pressure off native forest, he did not accept a policy "that destroys magnificent stands of native forest, kills the wildlife in them, and plants this wasteland out in exotics that can and should be planted on other land."

The Forest Service management policy for indigenous state forests, he declared, stated that clear-felling of native forest should go ahead only where no other land was available or suitable for exotic planting, and the 800 hectares at issue in Karama could easily have been developed by buying land from private owners "rather than being ripped from existing native forest." He also asserted that — according to the service's management policy — logging in forest parks would aim to encourage "regeneration and management in perpetuity as indigenous forest."

In the upshot, the service found itself obliged to answer critics' questions on the use of jelled petrol and its effect on native birds, the waste of millable timber, and whether the burn-off was in accordance with publicly approved forest policy. So last week, Young released a letter from his departmental head, setting out some answers: It was unlikely that more than 15 to 20 millable trees were destroyed in the burn-off near Karama; animal life had not been endangered (a "Truth" report

claimed many kiwis had been incinerated); the conversion of state forests to exotics was possible in special circumstances under the publicly approved forest management policy.

The department's position would be much more credible if it did not indulge in pedantic pluck, as it did in obliging to use of the word "napalm". As DSIR chemist told "Truth", if the Forest Service was calling its petroleum something other than napalm, the rest would be exactly the same.

Shearer has been surprisingly — and agreeably — successful in speaking on environmental matters. Perhaps his area which Muldoon tends to overlook, which allows the Minister to get away with his frankness.

He may be naive in going into environmental issues head-on (a critic levelled privately by one Cabinet member). But it is unlikely to do any harm to his Government's political interests. Most encouragingly, it is a criticism of the archaic principle of Ministerial responsibility, where dissenting Cabinet Ministers are expected at least to lend tacit support to Government policies. It is much better, surely, the public to benefit from the knowledge which Minister Shearer has about the use of government, and why the public disagree with the Minister's position. — Bob E.

Without word of a lie

The invisibles . . .

THE observer who recently commented that "the problem with too many of our political leaders is that they lack vision" probably tweaked the sensitivities of one or two in the Cabinet who, for a brief but horrifying moment, might have felt their deepest secret had at last been uncovered.

Justice Minister Jim McLay and his deputy Rob Muldoon are among those with a common weakness (and who said it must be the only thing they do have in common).

Both are "shy" about wearing their glasses in public. They allow only close friends, colleagues and employees to observe them four-eyed in the office.

This particular vanity might of course account for the reason they now and then trip over each other in public.

Sugared phones

NEW Zealand's often surly phone-answering receptionists are getting the message that first impressions count. Companies seem to be asking the women (and increasing numbers of men) to sound pleased that you've rung.

Some of the better opening gambits we've heard lately are: "Good morning, Marion speaking, how may we help you?" (Hawkins Holdings, Hamilton); "Thank you for calling Sport Drinks"; and "Kia Ora, Radio Pacific". National Mutual people on the switchboard also identify themselves by name.

We haven't yet struck the saccharine practice of having sweet music played down the line as we wait to speak to the right department (commonly done in the United States).

Any more nominations for companies that make the phoning fun?

Tailor-made?

BEING a little less than enthusiastic about the vigour, efficiency and courtesy to please the citizenry shown by the civil service, we feel we should pass on without comment an item in the Public Service official circular, which advises that the State Services Commission has ap-

Brockie's view



pointed a new senior management advisory officer. The appointee's name: Z R Apathy.

Detourist flights

NANDI and Pago Pago have been receiving unexpected visitors with the air traffic controllers forcing financially ailing airlines to pay

extra landing fees and fuel costs on their way to North America.

Initially, the controllers were happy to clear the airlines to Nandi or Pago Pago air space where flight crews then got clearances to proceed. But controllers insisted towards the end of last week that the airlines actually put their planes down at intermediary stops between New Zealand and North America.

The most direct route from New Zealand to Honolulu is via Pago Pago but the airport there is no longer certificated for 747s. So airlines to New Zealand and Pan Am had to land at Nandi, something like 10 minutes — and then dropped its DC10 into Pago Pago. The plane wasted precious fuel and booked up the landing fees, the aircraft turned around and took off again.

Price and prejudice: assessment of technology

by Dr Stanislaw Sawicki

THE technological inventions and discoveries of the last quarter-century are rapidly changing the dimensions of our economy and transforming our concepts of the physical world. Until fairly recently, science and technology were almost universally regarded as beneficial. Today they are criticised for their adverse effects.

Technology has produced several paradoxes, arising from the fact that technology is a form of knowledge, and knowledge is power. Individuals and groups tend to identify their own concerns with the interests of society as a whole. The businessman asks if innovation will make profits; an employee will view it against a complexity of motivations — rates of pay, job satisfaction, and so on — (but primarily his concern may be the threat of losing his job); the technologist might judge a device on the basis of "Will it work?"; politicians (and generals) in terms of power.

There are three interrelated "feedback" trends from the implication of technology: the impact on the traditional pattern of management and allocation of resources; the impact on employment; and the socio-economic effects on entrepreneurship. These are briefly examined in turn.

Does technology play a significant role in the management of Western economies, including New Zealand? Corporations spend millions each year on information technology, while not always understanding how to measure its benefits. Many boardroom-bound executives with suburban mentalities too readily confound technocratic pie-in-the-sky with reality.

Their reasons for promoting a computer-based system of planning and control, which can simultaneously calculate a plan and monitor it, are both ideological and practical.

In complex contemporary technological economies, decision-making is being transferred from the old-fashioned maverick entrepreneur to a scientific technical elite. The multinational manufacturers and users of technological hardware are convinced that they have the answer in the constantly increasing complexity of modern management in the pre-digested packages offered by modern technology.

After all, many industrial and production problems, where men's behaviour and machines are involved, are often unmanageable and have many ramifications. Management is encouraged, wherever possible, to substitute mechanical motions for human emotions. Genghis Khan is reputed to have said that he ruled "from the stirrup". Modern technocrats, one suspects, prefer to rule by the plug-in device.

Bold questions are raised and evaded with pompous generalities. High optimism is engendered and left to run out of momentum (as witnessed by the Health Department computer). A survey of British firms carried out by management consultants concluded that the average British company's computer is used only half the time, and is productive for only two-thirds — the total wastage bill for 104 computers investigated exceeded \$3.5 million a year.

On the practical side, some methods must be found to enable management strategists to quantify the decision-making process so that evaluation of effectiveness can be standardised. There is a need for a universally understood mechanism which can show that an individual decision is compatible with global optimising objectives.

The serious over-simplification here is that the machine will gather and process information efficiently, but most decisions continue to depend on the old-fashioned type of communication.

The problems of unemployment and redundancy created by technology are more difficult to assess. Modern technology has accelerated the obsolescence of plant. The dread of technology-induced unemployment is not new, but automation has increased the new scare.

New processes replace workers with machines, and cause a major shift in the allocation of resources. In the competitive model, these changes are not supposed to increase unemployment. Consumer tastes for different products wax and wane, and the decline in production and employment in one area is compensated by expansion in another.

The worker is expected to adjust to this delicate balance by accepting another job or moving to another place. This is the foundation of the faith in commercial civilisation.

Industries with modern technology require fewer but more flexible personnel, who will be able to adapt to swiftly changing circumstances. The workers need to be like jazz improvisers who support one another once they have decided on the tune, rather than like classical musicians who play according to predetermined notes. Labour requirements are conceived in terms of functions, not of persons. If one person can easily be substituted for another, why can't the computer be substituted for a person?

The quest for full-time industrial employment in technologically advanced countries may become a delusion. The current rate of unemployment in New Zealand cannot be entirely explained by a decline in business activity — it reflects also technological displacement of labour. But, as the Planning Council notes in a

recent publication, it should not be assumed that in the absence of new technology jobs would remain.

Advances in manufacturing technologies extensively influence geographical patterns of employment. Labour-intensive industries have shifted to less developed countries where labour is cheap and not organised to resist innovation.

The industries which still remain in technologically developed countries are those which require a highly specialised labour skill or heavy technology investment, and so are less easy to transfer. But even among "mature" industries (ship repair, textile or printing) much work has been done in places like Hong Kong, the Philippines or Singapore.

As the technological employment matrix changes, the needs of society will have to be synchronised with the new employment culture. A 35-hour week will arrive, "timed" not only by the oil industry, but also by new breakthroughs in micro-electronics.

The reduction in the working week may require the evolution of job-sharing as a way to increase the opportunities for career part-time employment. During depression years job-sharing often implied poverty-sharing. The redefinition of the term "job-sharing" in modern times means sharing work and leisure as an alternative to laying off a percentage of employees.

Technological development is costly and it can be carried out only by a firm with resources to match. The dissemination of any new discovery in a competitive market undercuts the incentive of technological development. Price competition works against technological development, whereas advertising and salesmanship support it. Hence modern industry is shared among a few large firms.

New Zealand is well placed to gain from the application of new technology, but the situation requires watching. Our economy has become international rather than national. Trade patterns, technological know-how and processes are possessed by industrially advanced countries, which can reduce a New Zealand business to sub-contractor or hired-hand status.

Paradoxically, there is also a rising assertion of entrepreneurship, marked by the growing number of individuals who wish to start their own businesses rather than work for large corporations, a strong counter-trend against the growing power of business conglomerates.

The new computational science of micro-processing provides new opportunities for entrepreneurial talents which can be operated from decentralised locations. Important jobs will no longer need to be performed in factories and offices, but can be located in the home (electronic cottages) as they were before the Industrial Revolution.

Commuting will be replaced by telecom-

muting because mini-computing is less costly than traditional means of transportation.

Many modern workers are now working by manipulating intangible symbols and information, spending their time dealing with abstractions: numbers, models, words, rather than producing material goods or dealing with real people. Both trends have their origin in the same schizoid attitude to science and technology, and we should keep its growth and potential under control, a concept advanced, among others, by the late E F Schumacher.

The other visible major shift has been from primary and secondary industries to a service economy. In New Zealand the service sector exceeds both the agricultural and manufacturing sectors. Information operators now constitute the largest single category of workers, with skills ranging from a simple knowledge of the alphabet for filing, to the intricacies of systems design.

No model for the service economy can be found in the modern market-orientated capitalist economic theory, nor in Marxist political economy. The twin-tail of the service economy lies in new technological inventions and discoveries. Technology has provided capital and invented labour-saving devices which make the manufacturing industry more productive with a smaller input of labour, thus releasing labour to the service sector.

In the near future many low-skill operators may be displaced as manual workers by technological devices, as some manual skills were displaced by mechanical devices in earlier centuries.

The full impact of technology cannot be assessed yet, but technological developments have given rise to difficult policy issues, such as the definition of priorities and the evaluation of environmental and social impact.

Evaluating alternatives requires decisions on such diverse matters as the protection of whales, the need to arm policemen to uphold law and order in an increasingly unemployed society, redundancy compensation for workers displaced by technology, the growing problem of refugee resettlement, the development of new drugs. Such issues are not straight-forward matters for empirical research. They are beyond commercial ethics and require value judgments.

Fundamental questions concerning the social implications of technology need continuous discussion. Who decides on its introduction? Who benefits from it? Who will control it and how?

Many questions in this debate have been evaded. The same idea that provides the foundation for progress could be made also to serve the ends of absolute power.

Dr Stanislaw J Sawicki is senior lecturer in accountancy, Victoria University of Wellington.

Without word of a lie

Hugh and cry?

WE know that Education Minister Merv Wellington is a busy man and doesn't have all that much time for social functions connected with his portfolio. But last week he could have been best described as "taught on the Trotter".

At the launching of TVNZ's *Landmarks* series Wellington joined fellow Minister Warren Cooper in praise of private enterprise Fletcher Challenge's financial involvement in the series. But slightly infra dig to allude to chairman Ron Trotter as "Mr Fletcher there" and later to correct himself, "Mr Trotter, from Fletcherers".

Trotter took it in good grace. In his speech he noted Wellington's gaffe to passing and redressed the balance by confirming his remarks solely to the role of the old Wright Stephenson (later renamed Challenge Corporation) half of the FCL conglomerate had played in New Zealand's development.

Same, but different

A FEW weeks ago, we recorded the demise of a company called Answer Access — directors K Ihia, J Hunt and A Hyde-Harris — which offered on-line electronic information searching from US databases.

Our article was followed by letters from other companies, with similar names and/or offering similar services, dissociating themselves from Answer Access and its handling information requests via post and telephone, rather than face-to-face.

Recently, we received an announcement from a new company modestly calling itself Global Research Bureau (NZ). It offers information research and computer consultancy services,

and has been "fortunate enough" to secure the services of well-known information retrieval expert Kevin Ihia.

Looking into the Auckland records of the company, we found that Ihia's fellow directors in the new enterprise are a J Hunt and an A Hyde-Harris.

Now fishes — next loaves?

WE are all familiar with the wine industry's miraculous capacity to yield much more wine than the grape juice input would suggest is feasible. We've now come up with the other half of the feeding-the-multitude equation.

According to Ministry of Agriculture and Fisheries statistics, some 1600 tons of eels were caught in 1979. But more than 2000 tons were exported. And last year, the catch was about 1400 tons. Miraculously, 1800 tons were exported.

Yet another example of the Muldoon economic miracle?

Dead letter bargains

WHEN the messenger is overtaken by the message junk mail advertising becomes exactly that.

Take, for example, the eight-page Woolworths Supermarket *Red Tag Special* paper shoved through Auckland mailboxes last week.

The specials advertised were "available from August 3 to August 8 or as long as stocks last." But our Auckland inner city readers inform us they didn't get their copy in the post till August 10 . . . hot news of the bargains they'd missed.

SUPPLY MANAGER

Senior Package Includes Car

A sound Levin based manufacturing company and prominent supplier to the motor vehicle assembly industry requires an experienced Senior Manager who will be a member of the top management team, and reports to the General Manager.

With a competent departmental staff, the Supply Manager assumes total responsibility for all purchasing activities.

- procurement levels relative to sales, inventory controls,
- review of sources regarding quality, prices, delivery schedules,
- liaison with engineering on tooling for new products, costing and sourcing of these with planning activity for product phase-out,
- monitoring company's performance on service to client companies particularly with regard to delivery requirements.

In addition to supply, experience in production planning techniques is sought and a key requirement is a developed skill in negotiation at senior levels. It would be of distinct advantage to the company to engage an executive with a knowledge of textiles and/or experience in the automotive component or assembly industries.

GMSL Management Consultants

Please contact Mr R. Helstead in confidence, telephone Wgtn 720-902 or 885-873 a/hrs to arrange an appointment to discuss this key appointment.

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Who are the stooges?

IN her bid for the African Continent Russia has one trump card — the colonial memories which encourage black nations to believe that the democratic West is soft on apartheid. The Springbok tour of New Zealand is a great victory for the Communist cause not only in Africa but throughout the coloured world.

How absurd, therefore, for Messrs Jones, Muldoon, Kennedy-Good *et al* to tell us that the anti-tour protest is Communist-inspired. The Communist stooges, those who aid and abet the Russian takeover bid in Africa, are the people who want the tour, permit the tour, protect the tour and now these same people put the icing on the Communist propaganda cake by signalling to the world that opposition to the tour in New Zealand is organised by the Communists — precisely the message which Russia wants the black nations to hear.

There was a time when the National Party had politicians who understood these matters. Twenty years ago one of them told Parliament: "... Overnight the African continent which last century was carved up by the great colonisers is emerging as a group of independent states having similar aims and the same background... each new state will be ruled by men whose training has been as second-class citizens in a world where the white man was master."

"In order to welcome these new nations to the world's councils in a proper manner, it is necessary to realise that fact. We must recognise that they are likely to be suspicious of the white races and their schemes... and that in essence they might see no great difference between Western imperialism which they have experienced and Communism which they have not. That they should come together in a bloc is natural, but that they should remain with the West, and in appropriate cases with the Commonwealth, will depend on many things. New Zealand with its untarnished reputation internationally and its reasonable treatment of its own native people is in a unique position to assist these nations..."

He ended this perceptive analysis with the farsighted proposal that a trade post should be established in West Africa "as a means for drawing us closer to these new nations whose importance to us both economically and politically is much greater than perhaps we realise." (Hansard, Page 63, June 27 1961.)

One wonders what has happened to this prophetic voice of reason and how it came that power in the National Party fell to a man who understands none of these facts of international life and who with his taunts about our aid to Africa, with his contemptuous talk about the "new Commonwealth" and with every move he has made on the Springbok issue has played into the hands of international Communism.

Eric Geiringer
Wellington.

OUR curiosity aroused, we checked the Hansard reference and can confirm its accuracy. Depending on the political allegiances of readers, we can promise them something of a surprise if they care to look for

themselves to determine the cause of the speaker, then making his maiden speech (and beguilingly left unnamed by our correspondent). — Editor.

Setting price for product

THIS letter is in reply to a letter headed "Spelling it out to Berryman", signed by Mr N H Marin (NBR, July 13).

Mr Marin, even though he is chief PR man for the New Zealand Dairy Board, appears to have had the same difficulty as we had in ascertaining UHT carton milk prices. We are pleased to inform him that the prices were set by the New Zealand Milk Board on November 1980, using the price per litre of standard white milk as a base.

The effect of this was to make the price of 500ml cartons 47 cents per litre above the standard and 250ml cartons 53 cents per litre above the standard of 35 cents per litre. When the price of 600ml bottles of milk rose on the 1st of August by 4 cents per bottle (6.66 cents per litre) the price of white UHT milk will also rise by 6.66 cents per litre.

Mr Marin is incorrect when he states that "nobody flouted Trade and Industry requirements". Our company was assured by Trade and Industry Department that all suppliers would be treated in the same manner in regard to import licences.

There is no doubt that Trade and Industry requirements were broken as early as November 1980. The permission given to market white UHT carton milk initially on Great Barrier Island was, to our knowledge, not given until February/March 1981, after his organisation was asked by Trade and Industry for an explanation on January 22 1981.

We would also like to point out to Mr Marin that the Pure-Pak carton has been approved under Regulation 40 of the Milk Station's Regulations 1979 to be used for the packaging of milk or milk derivatives, and the filling machinery approved under Regulation 18 for use in milk stations.

Therefore, the only restriction stopping milk from being packed in Pure-Pak cartons on the New Zealand market is all import licences granted for the importation of Pure-Pak cartons and equipment which states "not to be used for the packing of white milk for the domestic market". Our customers must state this in writing to Trade and Industry.

The only explanation given is that our customers would compete with the existing glass bottle market if the restriction was lifted.

It is our understanding that this restrictive clause was on licences issued for the importation of UHT cartons but has since been removed.

A D Carrusano
Manager,
Pure-Pak (NZ) Ltd.

Don't forget the women

COLIN James's analysis (NBR, August 3) of the tour by the racist Springbok rugby team is correct in establishing a vertical division through our society.

But he has unwittingly or ignorantly made his own division vertically through New

Zealand society. He seems to have forgotten that half the country is made up of women.

As I marched with thousands of others towards the Palmerston North showgrounds, I was able to see who was walking down the street to attend the rugby. There were two of three women at the most among hundreds of men. But with me on the march were thousands of women.

As one who, as a boy, spent Saturday mornings playing rugby and Saturday afternoons racing off to Rugby Park, Hamilton, to watch Waikato play, among others, the Springboks, I now have the hindsight to reflect on who washed my rugby gear, who had to get lunch on time so we weren't late for the game, who had dinner ready when we got home, etc.

There may not have been many women my mother's age who went through the fence at Hamilton (though judging from the TV coverage there were some). But I believe a

silent cheer must have gone up in the hearts of thousands of women when the game was cancelled.

I think Colin James and Robert Muldoon would do well to remember who half the voters in this country are. But of course Robert Muldoon's recent comments on Mary Maclellan remind us that he only consults women on how to make a cup of tea. I hope that Colin James, as an astute and readable political columnist, does not think the same.

Murray Edmond
Wellington.

Waitakere candidate

I HAVE read with obvious interest your August 3 analyses of the Auckland election scene and, in particular, the section on the Waitakere electorate.

I found your treatment to be fair and objective, even though at the time of publication your

analysis of the Social Credit position was no longer valid.

However, your analysis of the Waitakere situation is spoiled by one major error. That is in relation to your reference to Ralph Maxwell's organisation in 1978.

I do not know where your source derived the opinion that Ralph Maxwell is not considered a good organiser, but I would ask you to consider the fact that Mr Maxwell is chairman and one of the prime motivators, since its inception, of the Portage Licensing Trust, one of New Zealand's most successful trusts.

Within four years of being elected, the Portage Trust was already returning profits to the community. It is currently involved in building a much needed motor inn, a springboard to tourism in West Auckland, and is diversifying into travel and communications areas of business.

Upon becoming the Labour Party candidate for Waitakere

(a new electoral) in 1981, Ralph Maxwell will have a record of solidifying his organisation which was independently run by a single-minded and imaginative campaigner.

This same organisation remained together and is again the focus of the 1981 campaign. Ralph Maxwell has been able to motivate people around his responsibilities and his duties.

Hardly the ideal organiser. Finally, acknowledge your correction, however may have been.

W. Waitakere
Electoral

The formal importance of maintaining appearances

by Colin James

CONJURE up, if you will, a picture of Allan Higher in shocking pink tux and green-and-orange hair.

Having trouble? So am I. The Government seems to be afflicted with metal fatigue. Higher has been made Youth Minister.

A year ago he was one of the "geriatrics" on the backroom assassination squad's books at the annual conference.

They did not get him. In fact a few weeks later he demolished party candidacy challenger Doug Graham with a political finesse that attests to his rejuvenation since his remarriage to artist and television personality Shona McFarlane.

But, rejuvenated or not, Higher is 68.

No age in be out at discos till all hours, wearing drainpipe trousers and heaping scorn on

uncomprehending long-back-and-sides oldies of 35.

Higher got the job because, as Minister of Internal Affairs, he is minister of everything no one else is. Among the subjects: arts, lotteries, racing and trotting, royal tours (watch out for Sir Allan after the October effort), wildlife, films and sport — where he has demonstrated a youthful adaptation to the free enterprise trend by favouring open athletics.

One more portfolio will be all in a day's work. But the symbolism is crazy. Does the Government really think any young person is going to feel represented by someone 68 years old?

It is the sort of uncalculating irony that often afflicts governments in their last years before collective self-destruction overtakes them.

And it is not the only one.

Jim McLay is spokesman for women. Duncan MacIntyre, pronounced "extremely unwise", is Deputy Prime Minister.

Irony upon irony: the Government is asserting that editors of metropolitan daily newspapers are "centre-left".

Most, and perhaps all, of those newspapers will, if they support anyone, back the National Party in the election. In some cases there will be equivocations and qualifications, but on past performance — and there is no reason to suppose that will not be a valid guide — on balance they will back National, at least by implication if not overtly.

If that is so, then either they are not centre-left, or National is centre-right. A case can be made out for the latter. It has repeatedly been claimed, correctly, that

such tax changes as there have been in the past six years, have tended to benefit the worst-off. And national superannuation is still in place; so are accident compensation and domestic purposes benefits and the Mairimonal Property Act.

Three years ago there were angry complaints, particularly from farmers, that the Government was too "socialist". Even now, such complaints can still be heard, but sotto voce, in party circles.

The other side of the argument has been made out by the editors themselves.

The Government's point was that most of the present metropolitan editors were members of the parliamentary press gallery in the 1960s and the gallery "was then, as it is now, rather centre-left".

The two metropolitan daily editors who were in the gallery



Mova over punk, nate comes swinging Allan.

during the 1960s disagreed that it was centre-left then. "The claim is rubbish," was the response of *Otago Daily Times* editor Keith Eason.

Rubbish or not, the theme has cropped up from time to time in the Prime Minister's writings and speeches. Pink elephants from the centre-left seem to have him surrounded.

Note a reference in his first autobiography, *The Rise and Fall of a Young Turk* (page 173) in a book by "two press gallery journalists who are by no means unfriendly to Labour".

One of the authors of the book in question was Brian Lockstone of the *Star* group — and that same Brian Lockstone is now the Prime Minister's principal press secretary.

If he was truly "by no means unfriendly to Labour", it most surely haunts the Prime Minister in the dark hours that this fellow now runs his press office.

Of course, he is not so haunted. Lockstone handles his task competently, conscientiously and affably — as he did his former job in the press gallery.

The point is that one should treat warily the Prime Minister's assertions of leftism among editors.

They need, as does the youth appointment, to be set in the context of the election.

The Prime Minister himself set his "centre-left" comment about the editors in the context of their editorials about one election issue, the Springbok tour — which by and large have not been friendly to the Government.

But as Eason pointed out, in stating his paper's support of the refusal to withhold visas, "we made the point that the Government did not do all in its power to stop the tour and we contrasted it with the attitude of the Government towards the Moscow Olympics."

The editors have, correctly, not tied the Government's line because they have interpreted the Glenageles agreement differently from the Government — and in the same way the Commonwealth has.

And that includes Britain, taking as a guide the June 24 statement by Richard Luce, Undersecretary of State for Foreign and Commonwealth Affairs, quoted approvingly by our Prime Minister, as a guide.

Luce essentially said Britain would not withhold visas (a point of difference with the less freedom-sensitive black nations), but he also stated: "We have sought to use whatever means we can to persuade sportsmen not to participate."

There is a wide range of means of persuasion between public invitations to the rugby union to "reconsider" or "think well" and refusal of visas.

It is not surprising that one comes across pro-tour people who, when their attention is drawn to the Government's official disapproval of the tour, say, "Oh, but he doesn't mean it".

In other words, whatever the Government has professed to be its position on the tour and however genuine it may be in its disapproval, the way it has gone about stating it, the *forms* it has used, have left a widespread belief that it is actually for the tour.

The fact that it is now going to extraordinary, and extraordinarily expensive, lengths to ensure each match can be played underlines that belief.

In a democracy there are times when the form is as important as the substance.

Thus it was not mere irritating baggage that the Government acted unlawfully in 1975 when it overrode the contributory superannuation legislation by press statement.

Mor was it so when a few weeks back newspaper advertisements appeared purportedly over the name of a secretary of the select committee to consider the Official Information Bill when the committee had not met and their "see, under official standing orders (which have the force of law within Parliamentary precincts), could not have appointed a secretary or authorised the advertisement."

The lesson for those in the Government who saw the question purely in practical terms is that in a three-way Parliament, in which a Government would have to seek approval, not impose its will, the forms would become much more transparently important.

And the country right now is toying with the idea of making the Parliament a three-way affair. A significant part of the electorate's motivation for thinking that way lies in a belief that the institutions of democracy are not working effectively.

The Government has implicitly recognised this disaffection with its sudden appointment of a youth minister. Nowhere is contempt for the faltering institutions greater than among the young.

Young Nationals have been loudly trying to make that point to their seniors. Young Labourites are very scarce.

Social Credit has been doing best among the young who will vote — and many won't.

Many of those young are now demonstrating (literally) to the Government that they have understood the message from their politicians that the niceties of form don't matter.

They see nothing unlawful in clogging up a road without permission. They are not impressed when on such matters the Government has become sticklers for form, that is, for the letter of the law, in its enthusiasm to turn the tour issue into one of law and order.

Did not the Government itself unlawfully abrogate the superannuation scheme in the name of practical politics?

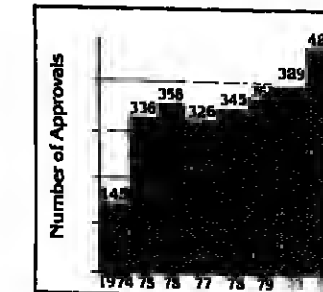
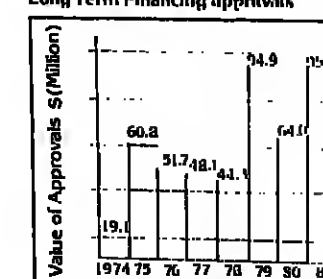
Perhaps Allan Higher's first action should be to put on a pair of jeans and go round the tramps with a message: that the Government (and the other established parties) will rebuild the institutions in a shape nearer to modern needs and then lawfully observe the correct forms of their operation.

If they don't, it will be done for them.

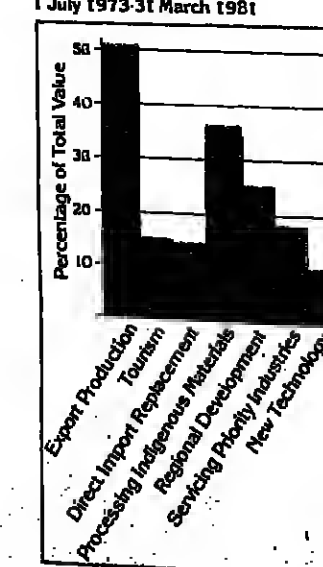


1981 Annual Report Highlights Record year for NZ Development Bank

DFC Approvals — Number and Value of Medium and Long Term Financing Approvals



DFC Approvals — Development Benefits 1 July 1973-31 March 1981



"The development bank's role differs from other institutions in that it must give emphasis to its lending objectives like education, regional development, environmental protection, new technologies and industries, promotion of small business exports and processing indigenous raw materials. DFC is charged by statute to provide finance for the development of new or existing industries and to encourage investment in New Zealand economic development."

These statements in Development Finance Corporation's 1981 Annual Report describe the role of New Zealand Development Bank. Further extracts below highlight achievements of a record year.

Record Lending Approvals

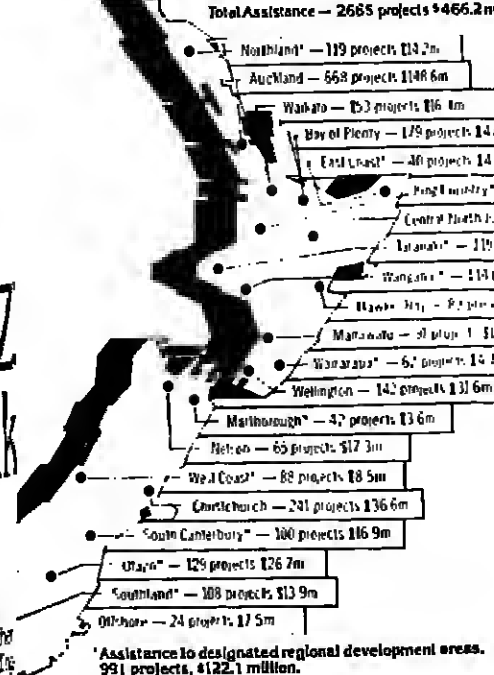
"The total value of medium and long term loan approvals rose to \$96 million, an increase of 50% on the previous year. In addition, DFC managed financial facilities worth \$130.5 million on behalf of clients."

Record Number of Projects

"The total number of projects approved increased 24% to 482."

Development Benefits

"All project approvals are based on the clients' contribution to the Corporation's Act. The main thrust of DFC's financing is in the manufacturing, processing and service sectors, but there is growing involvement in resource-based industries, especially in energy fields."



Regional Development

More than one-third of all projects approved for assistance since 1973 are located in designated regional development areas and they account for some 26% of the total value of approvals."

Small Business

In the year to 31 March 1981, 74% of DFC's total financing approvals were for assistance of less than \$100,000 and 90% were for amounts of less than \$250,000. In addition, more than three-quarters of all DFC clients employ fewer than 50 people.

These figures clearly demonstrate the Corporation's commitment to its mandate to assist small and medium sized businesses. Demand for the Small Business Agency's counselling services continues at high levels. Management counsellors handled 3,897 cases and 7,488 incidental enquiries."

Developing Technology

The Applied Technology Programme aims to increase the economic return to New Zealand technological innovation. DFC believes New Zealand technology is of world standard and that high technology industries, in such fields as electronics, have an important place in the overall strategy of economic development.

The Technology Programme finance totalling \$2.3 million was provided for 88 projects."

Tourist Facilities

"DFC believes tourism will be a prime growth industry this decade. DFC approvals for tourist accommodation developments totalled \$59 million at 31 March 1981, representing 22 hotels throughout New Zealand."

Funding

"Development Finance Corporation funds its lending operations from the domestic and offshore markets. Following a deterioration in overseas capital markets, the Corporation decided in 1980 to focus on the domestic market with a view to building its own base of local investors. An issue of 12/20 Call Bonds attracted some \$40 million from more than 9,500 investors."

Financial Performance

"DFC is required by its Act to endeavour to operate profitably. The tax paid operating profit for the year ended 31 March 1981 is \$3,544,245 which is a 10.78% return on average shareholders' funds. The Directors have declared a dividend of \$1.5 million, the maximum permitted by the Act."

In the Future

"DFC is well equipped to promote and respond positively to development opportunities in a time of exciting economic change and challenge."

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Economics

Public accounts — can the public figure them out?

by Bob Edlin

THE Audited Summary of Receipts and Payments of the Public Account for the first quarter of the financial year generally tells us little about what the Government is doing with our money. But what it does tell us, surely, could be explained a bit more clearly and comprehensively in the press statement from the Minister of Finance which accompanies its release.

Finance Minister Rob Muldoon referred in his press statement accompanying the accounts for the June quarter to the *Statement of Receipts and Payments*, which he said was being released in a simplified format in line with the recent recommendations of the New Zealand Society of Accountants.

Fine, but if public enlightenment indeed is the Government's objective, then there is scope for improvements elsewhere.

Muldoon's proudest would be a good place to start.

His press statement tells us "that the overall credit balance of the Public Account is \$38.2 million higher than at June 30 1980."

"This reflects a reduction of \$103.5 million in the cash overdraft, offset by a net reduction in imposts of \$57.4 million and an \$8 million reduction in investments."

Maybe that's the sort of message he delivered to the Rugby Union's Cee Blazey when he spelled out the Government's attitude to the Springbok tour, during their meeting that has led to claims and counterclaims about who said what to whom.

Maybe it's just put into his statement to confuse us.

Maybe it has profound significance, except that we mere mortals who comprise the general public are obliged to contact Treasury — or Muldoon himself — for an explanation.

There is room for other improvements.

For example, the summary of the accounts tells us when money is spent, but does not reflect the actual level of activity within the various state sectors.

Muldoon concedes this in noting that the increase in total net expenditure for the quarter was "only 12.5 per cent" over the corresponding period last year, and that while this was 7 per cent lower than the budgeted increase for the year, it did not indicate a general reduction in expenditure over all departments.

"Total net expenditure is expected to increase in line with Budget forecasts during the remaining quarters," he said.

The accounts merely record financial transactions.

They show that — with one quarter of the year passed — the transport and communications sector has spent only \$99 million, or only 16 per cent of its \$435 million budget allocation.

This sector — for some reason — traditionally appears to be spending little during the first quarter, but catches up at the end of the year.

It is unlikely that activities within the sector have dropped to a low gear. Whatever has been spent will be paid for later, when the actual level of activity becomes clear.

Muldoon commented on the high level of expenditure in the administration area. Well he might. This sector has spent 21 per cent of its budget when only 25 per cent of the year has passed.

Muldoon explained that this was caused by a large payment from the public service pay impost account on the last day of the quarter for salaries due the following day — the first day of the second quarter. This distortion would be "smoothed out" as expenditure from the impost account is allocated to the individual departments concerned, he said.

Receipts during the first

quarter were "satisfactory", said the Minister.

They were given a boost by an increase of 42 per cent in sales tax and beer and customs duty over the corresponding period last year, which reflected "a carry-over of uncollected sales tax receipts from the last financial year". The high level of motor vehicle sales had also had an impact.

His statement makes no mention of the precise overall increase in receipts.

In fact, there was a rise of almost 26 per cent in tax revenues (to \$1256 million) compared with the June quarter last year. Those increases are partially explained by the sales taxes that slipped into calculations from last year's activities.

But income tax was up 22 per cent, in spite of the tax cuts which took effect in February.

This is high for \$797 million.

The total taxation receipts usually comprise only a low proportion of the year's total in the first quarter, because PAYE is not due until the 20th of the first month, and other taxes (for companies and the self-employed) are not due until September and March.

We may wonder, then, if those much-lauded tax reductions in fact have given little luck to the taxpayer. We may also wonder — in light of continued protest political hosts that the Government is controlling spending — about the scope for further tax deductions.

Net borrowing in New Zealand this year was \$485 million during the quarter, up 17.7 per cent on the \$412 million borrowed internally last year.

Net borrowing overseas during the quarter was \$27 million, in contrast to the \$1827 million recorded in the June quarter last year.

Gross borrowing overseas in the June quarter last year was \$52 million (when \$73 million was made in repayments). This quarter, gross borrowing overseas amounted to \$315 million, of which \$277 million was used for repayments.

Muldoon said in his press statement that the deficit before borrowing for the first quarter "of \$832 million" (\$823 million in the accounts) represented an increase of "only 3.5 per cent" on the deficit at the end of the first quarter last year.

But the accounts make it difficult for the public to figure out exactly what is happening when receipts from the previous year can suddenly show up.

What is the real deficit before borrowing, if receipts can be treated so flexibly, and how can anyone consider the worthiness of the Government's use of the deficit as a tool of economic policy if the level is so difficult to measure?

If the Government had received those sales taxes before March 31, the deficit before borrowing for the last financial year would have been that much lower than \$1525 million.

They are called the Public Accounts; it would be nice to think, because they are intended for general public consumption and enlightenment. But they do little to inform the average bloke, whose interests Muldoon is no fond of serving if they are presented in a way that only the chosen few who appreciate the machinations of Treasury can understand.

COMPARING GOVERNMENT ACTIVITIES WITH BUDGET ESTIMATES

Expenditure (net)	1981 Budget Estimates (\$ million)	Actual June Quarter Transactions (\$ million)	% of Estimates
Administration	929	270	29
Foreign Relations	682	141	21
Development & Industry	1085	241	22
Education	1475	389	26
Social Services	2924	700	24
Health	1532	357	23
Transport and Communications	435	59	14
Debt Services and misc. investment	1184	314	26
Imposts (1)	-	31	-
Sub-Total	10,256	2,512	24
Supplementary	250	-	-
Misc. financing transactions	411	-	-
Total Spending	10,917	2,512	24
Financed from:			
Income tax	6200	2117	34
Customs, sales tax, beer duty	1407	322	23
Highways, etc.	205	46	23
Motor spirits etc.	129	49	38
Other taxation	275	82	30
Total tax income	8,216	1,756	21
Interest, profits & misc. receipts	513	112	22
Surplus accounts (2)	-	301	-
Total net receipts	8,827	1,869	21
Debt interest borrowing	2,091	1021	49

(1) money spent but not yet classified (2) receipts not yet classified

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*Source: David Hall's Inside View Special Report

MOT aims edicts at Link and Belgian airline

From Page 1

Like The Link, Jetset has been heavily involved in discounting Air New Zealand fares, through its Australian operation.

The Link has been writing tickets for discounted Air New Zealand air travel on Sabena ticket paper. Brussels is a key stopover point in many of The Link's travel packages.

The Travel Agents Association of New Zealand and individual travel agents for years have complained about The Link's discounting of Air New Zealand fares. Some members argued that if cheaper fares were available, they should be made available to the public and all travel agents.

Ministry of Transport officials and Transport Minister Colin McLachlan have been advised of The Link's discount-

ing and asked to stop the practice.

TAANZ obtained a ticket for travel on Air New Zealand written on Sabena paper and presented it to the MOT, along with other evidence of discounting in 1978.

After a brief investigation, the MOT took no effective action.

But on August 5, the ministry wrote to all airlines operating in New Zealand, advising them of its edicts.

Two weeks earlier, the United Travel group — The Link's major competitor in fare discounting — announced withdrawal of its discounted fares.

United's managing director Harry Fenton, wrote to members: "... we have been advised that the marketplace is going to be cleaned up and we

should withdraw to avoid any adverse publicity."

The Link received no advice or warning from the MOT.

Link president Laurentius Kuys said he heard about the MOT edicts "on the grapevine", but did not receive a copy of the edicts sent to other airlines.

"They (the MOT) didn't have the courtesy to inform us. The next time they knock on our door wanting information I'm not home either," Kuys said.

He said he received an advice notice from Air New Zealand about the edicts some days after others had been informed.

Kuys said he felt his company was being "victimized".

The edicts would affect The Link's operations, Kuys said.

"It remains to be seen how long it will last. I think it will

last only a couple of days because the MOT hasn't any proof," he said.

Kuys said that when he found out what the MOT's edicts actually said and the reasons behind them, he would fight and probably seek damages because he was sure The Link and Sabena followed the rules.

Link's Consolidated Air Services is also the agent here for Philippine Airlines and while other airlines received the MOT edict on the Friday, Kuys said Philippine Airlines did not get its edict until the following Monday.

The Link and associated companies has been in business here for about 12 years having started as a travel organisation serving this country's minority groups. It has held the Sabena agency for the past eight years, Kuys said.

While United was withdrawing its discounted Air New Zealand fares from the market, The Link was circulating travel agents asking if any were interested in joining its group.

Kuys said he had received 12 good replies and expected to sign up 11 new Link agents soon.

Ministry of Transport air policy director John Kennedy-Good said he couldn't comment when asked why Brussels was denied commission fares from New Zealand when other European cities were not.

"We'd wish for things to simmer down a little bit and reassess them after that," he said.

Kennedy-Good would not comment on why the ministry had prohibited sales of tickets

on Sabena paper. "I don't want to add fuel to the flames," he said.

The Link had not been informed about the edicts because "We deal with the principle, not the agent," Kennedy-Good said.

He said the action against The Link and Sabena was unprecedented. But he declined to cite any precedents. "I don't wish to take over the coals," he said.

If Kuys or Link thought the edicts unfair or unwarranted, Kuys could write to the ministry and put his case.

Kennedy-Good said that actual ruling was made pursuant to the International Tariff regulations, and a secretary's word on the final.

Ansett move into Cooks

by Ann Taylor

AUSTRALIA'S Ansett Airlines is showing an interest in servicing the Cook Islands if Air New Zealand reduces or pulls out its service.

In October, Air New Zealand's DC10 through-service to Los Angeles will stop. The Cooks will then have terminating flights from here and connections with Tahiti.

Ansett policy director R. Grey was in the Cooks earlier this month to sound out prospects for an entry.

He discussed with the Rarotonga Government a deal similar to its Vanuatu proposal. Vanuatu has a 60 per cent holding and Ansett 40 per cent in a joint venture airline, planned to start flying a Melbourne-Sydney-Vila-Auckland-Rarotonga route in 18 months. The Auckland-Rarotonga route would possibly be run in conjunction with the Cooks.

From October, Air New Zealand will service the Cooks with a direct DC10 flight, a 737 via Nandi and a 717 via Tonga. When the sale of the DC10s goes through, to finance the purchase of 747s, the Cooks might be left a little out in the cold.

Air New Zealand has not been approached by Ansett and the opinion has been voiced

that "Vincent Ingram is Islands Trade Minister is the only person talking to Ansett."

But Ingram is quoted in island's newspaper: "I believe the New Zealand authorities didn't take us seriously at first. We said if they didn't fly to stop Air New Zealand from then we would go out and someone who did."

Ansett is also one of several looking to buy up Tourism International Corporation's Air New Zealand share in the Rarotonga Hotel.

But neither the THC or Ministry of Transport, who would issue landing rights, have had any approach to Ansett.

Grey has said the whole would depend on the New Zealand reaction. If the joint venture company does get landing rights, then it is not far ahead.

Ansett, with its chain of Australian hotels, might do well by offering a package deal combining a hotel and an air service. NBR was told by Air New Zealand that the airline is not "walking away from the Cooks".

"A greater exposure of the hotel in an international sense would improve occupancy and throughput."

Aeroflot wants in, cheap

by Warren Berryman

AEROFLOT, the Russian airline, will open an office in Auckland this week offering fares from Singapore or Bangkok to London at cut-rate prices.

Richard J Kelly Ltd, a manufacturer's agent with Russian agencies, has become the New Zealand general sales agent for Aeroflot.

Kelly circulated travel agencies offering a net fare of \$US625 (NZ\$759 at the IATA exchange rate) for a round-trip Singapore-London ticket.

A net fare of \$US595 was quoted for a Bangkok-Moscow-London-Singapore flight.

Travellers will buy vouchers to Auckland which they can convert to tickets written on Aeroflot paper in Singapore or Bangkok.

The IATA carriers NBR spoke with last week are concerned about rate-cutting Aeroflot coming to New Zealand.

The cheapest fare on Singapore Airlines' Singapore-London route is \$1098 and on British Airways \$1316.

This opens the way for travellers saving by combining so Auckland-Singapore with an Aeroflot Singapore-London fare.

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Slower queue for Cue and a late run from NZOG

by Klaus Sorensen

THE "punter" may have misjudged the two current oil exploration floats.

A few weeks ago those in the know were predicting the NZ Oil and Gas issue was just too big for the market and would be significantly undersubscribed, while they felt the smaller Cue issue would come on the market at a nice premium for all the lads to take a quick profit.

But by last week it looked as if the market had overestimated the demand for Cue shares — and underestimated the chances of NZ Oil and Gas being able to fill its issue.

Cue opened at the start of last week, but while many had claimed it would open and shut heavily oversubscribed, in fact the company was still one and a half million shares short of filling the 18 million share issue.

The point is that while there are no grounds for thinking the Cue issue has been anything less than a success, (and the directors said they were confident the issue would be filled) by last Friday, after NBR went to press, the issue was not subscribed to nearly the extent the pundits had been predicting.

And that must lessen the chances of the issue coming on to the market at a big premium.

Yet just over a week ago the issue was being tipped in the newspapers as likely to be heavily oversubscribed. For this reason the reports claimed the "stags should do well", and the shares would come on to the market at a "healthy premium".

They also seemed to be saying that the NZ Oil and Gas issue was unlikely to make the same grade — "it is not expected to command the instant premium enjoyed by Cue".

The basic problem seems to be that too many people look only at new exploration floats on the basis of how quickly they are subscribed for and what the premium is — rather than the ultimate aims.

The obsession with a quick stag profit has long seemed likely to cloud the real issue — that of providing a financial base for a long-term oil and gas exploration programme.

But both sets of promoters have realised that the stags can be a danger to this type of issue and both have been at pains to structure their issues so that genuine exploration investors form the bulk of the shareholding.

All praise should go to the Cue organisers for having achieved a 90 per cent subscription by the time the issue opened, but now it seems that the NZ Oil and Gas issue may finish up something of a dark horse.

It is still unlikely that this issue will command the premium of Cue at first, but there are a number of other factors which suggest the NZ Oil and Gas issue could shrug off its current underdog tag.

NZ Oil and Gas has come under particular pressure from some brokers and institutions who believe the size of the issue will create selling pressure to outweigh the buying interest.

One common theory — and it may still happen — is that the shares will begin trading around 45c, or just a little more than the net cost for those high-tar-rate investors who take advantage of the tax-deductibility aspect.

Because the tax deduction is

only available to individuals and not institutions or companies, a number of institutions have decided not to subscribe for shares, but to wait for them to sell below par to get a cheap entry price.

While that is always a possibility, it must be remembered that the NZ Oil and Gas promoters have been extra careful to avoid stag applications for precisely these reasons.

So the question has to be asked, who is going to sell at below par if the majority of investors are in there long term?

NZ Oil and Gas sent out a memorandum to brokers last week apparently to answer some of the questions posed by the sceptics.

And the suggestion seems to be that, while there will be a wait of 18 months or so before any drilling might commence, there will be plenty of action in the meantime to keep the share price buoyant.

The memo, from the organising broker, says "there is considerable scope for the share to become an exciting trading stock and show medium-term capital appreciation" before the actual drilling begins. And it cites a number of factors, "which will influence the share price immediately", such as "farm-in arrangements being negotiated with other licence-holders, farm-out arrangements under discussion with overseas major operators, applications which are already being made for additional licences, and overseas interest in the stock".

The memorandum says the company will rank as an international-scale investor — and a cheap one at that, in relation to available exploration funds — and notes "any discoveries in New Zealand will tend to focus interest on NZOG and more so if the company is successful in obtaining a wide spread of investments in licences".

Some will obviously see the memorandum as an indication that the promoters are worried the issue won't fill up, but, according to NZOG sources, the issue is going very nicely.

One individual has already signed up for 600,000 shares and it is understood that demand from smaller first-time investors is so great that an additional 6000 copies of the prospectus will be reprinted, to add to the 50,000 copies already sent out.

The Mineral Resources office apparently received 500 coupons in one day from the NZOG newspaper advertisement, and the banks are chewing through some 400 prospectuses a day.

Another factor bound to boost the new floats' chances was the release of the Petrocorp annual report. In it chairman Frank Orr expresses considerable optimism of another major oil or gas find in New Zealand.

Petrocorp already has a 50 per cent interest in Maui — which is believed to be the world's 10th largest gas field — and the notes to the Petrocorp accounts show a formula which arrives at a value of a mere \$7578 million, for the Maui field's estimated reserves.

Petrocorp has also taken up a 51 per cent interest in five of the 19 licences off New Zealand's west coast allotted earlier this year (including NZ Oil and Gas licences 38113 and Cue 38121) and has a further 25 per cent interest in another three.

Orr makes no bones about his attitude when he says "it is my sincere belief that through the efforts of our exploration personnel more commercial discoveries of petroleum will be made in Taranaki and elsewhere, both onshore and offshore."

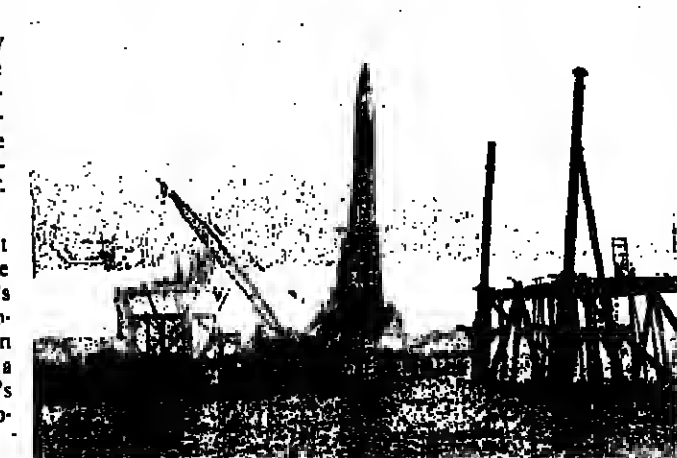
So equity investors shouldn't think they are shouldering the entire burden of New Zealand's oil and gas exploration programme with their \$24 million contribution — because it is a small part of the Government's \$500 million five-year petroleum programme.

They should also realise these licence areas and floats are particularly attractive to overseas investors.

NZ Oil and Gas, for example, will be listed in the Australian oil exploration "Bible", *Oil and Gas Bulletin*, which is sure to bring in Australian buying orders.

David Kennedy, the exploration director of Oil and Gas, says the company has already been approached by international companies interested in a farm-in to 38113.

"A representative of one such company which has studied the



Maui... billion-dollar bonanza.

hasin in great detail has stated he believes 38113 contains drillable structure which requires very little additional seismic work for adequate definition," he says.

But whether that assessment is borne out or not, it's the sort of thing which is bound to get the overseas oil investors interested in buying a few shares.

It seems appropriate at a time when we are being asked to consider long term economic plans, and far off benefits from the major projects, for equity investors in put aside the temptations of a quick profit in favour of a longer term investment in New Zealand's economic future.

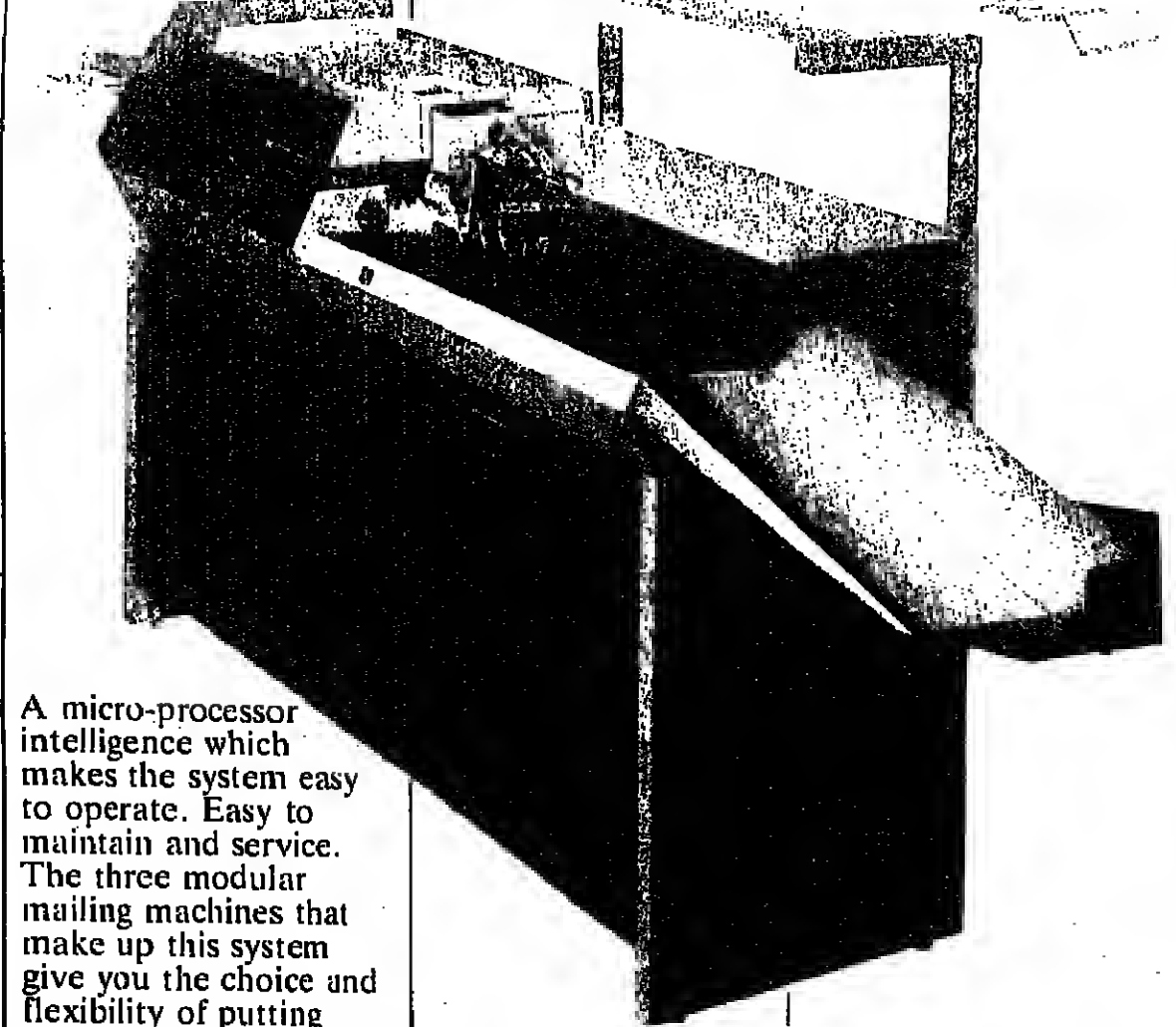
You never know, we might even strike oil.

Disclosure: The writer has applied for shares in Cue Energy Resources and NZ Oil and Gas.

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Wine quality battle ends in a draw — temporarily

THE battle between wine purists and marketers which has split the Wine Institute in recent months has halted momentarily in a draw.

The move led by Corbans Wines to have all table wines made with no less than 95 per cent grape juice was defeated at a Wine Institute special

meeting. The meeting opted for the status quo allowing up to 20 per cent water in wines.

Another move, also led by Corbans, to ban flavoured wines with a minimum 40 per cent grape juice received Health Department approval.

Consumer interests were not party to either decision.

Corbans initiated the move against flavoured wines, arguing that watered-down products packaged like wine and bearing a wine maker's name on the label alongside wine type descriptions, were being passed off as real wine.

Corbans said this was damaging the image of the whole wine industry.

Prime targets of Corbans' move were Cooks Wines, which makes Parry Pack flavoured wine, and Montana, which makes Muscato.

Cooks and Montana argued that because there was a present grape shortage, these watered wines were necessary to cater to consumer demand in the short term at least.

They argued that if the consumer wanted a cheaper quaffing wine, the Health Department and the Wine Institute should not stand in the consumer's way.

Wine Institute executive director Terry Dunleavy pointed out that premium

wines constituted only 15 per cent of the market — an indication of consumer demand.

Wine purists point out that all consumers can get.

Nevertheless a special general meeting of the Wine Institute on July 21 passed a resolution to ban flavoured wines.

At an institute meeting two weeks ago, a telegram from Jim Fraser, of the Health Department, was read out.

This telegram outlined the means by which flavoured wine would be banned by amending the Food and Drug regulations.

The Health Department's stated reasons were "because

consumers are confused by the marketing of flavoured wine and because flavoured wine is being marketed which imitates or resembles wine or sparkling wine."

The telegram said the department had recommended a regulation change to the Health Minister George Fair.

Flavoured wine is cheap compared with real wines available on this market. But it is not cheap compared with real overseas wines.

The ban on flavoured wines is likely to take effect next June or July.

The ban will limit wine companies' ability to gain greater

throughput for their utilised bottling plant capacity to bottle wines for export.

While wine purists have rushed to the cheaper product — as is evident that Cooks shifts at the Met's keep production near 11,200 litres a day.

But the Health Department pointed out that the summer is the best time for consumers to buy restricted by a ban on wines — provided it along with his recommendations.

Petrocorp re-think

by Ann Taylor

DOWNSTREAM from the changing fortunes of the Maui gas resource there has been a re-think on Petrocorp's accounting policies.

To handle accounting for the development of the \$7578 million resource Petrocorp has changed its policies to enable all the corporation's costs, including under-utilised assets, to be matched with revenues expected from the major petrochemical plants when they are complete.

The change defers the charging of finance costs — net interest charges, forward and foreign exchange losses — to the profit and loss account until the completion of the main downstream developments.

"Costs are carried forward to future accounting periods only when the directors have established to their satisfaction that the carried-forward costs will be recovered by future benefits," says Petrocorp's annual report, a strange cross between a company glossy and a departmental report.

It indicates that in the case of Offshore Mining Company Ltd (which owns 50 per cent of the Maui field) "all finance costs and the profits and losses arising from forward exchange cover contracts have been capitalised." That policy will continue until the main users of Maui come on-stream.

Finance costs for work in progress have also been capitalised and will be written off over a period starting from the completion date of the asset.

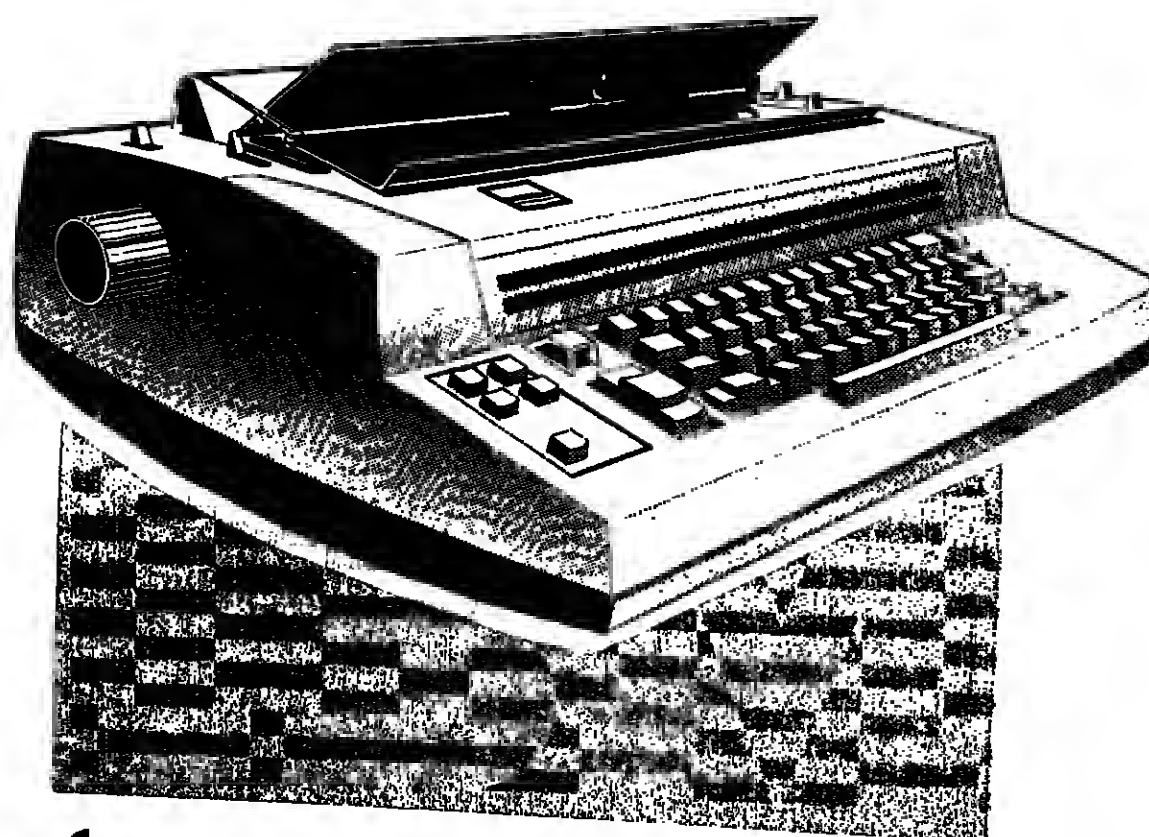
These changes have arisen because of changes in Government policy. "The previous intention to use substantially all Maui gas directly for electricity generation to the development of petrochemical industries, has resulted in a significant increase in the lead time to optimum levels of production. Accordingly the gas off-take has been significantly lower than originally anticipated."

The company has also adopted a depletion method by which Maui development costs and the balance of the capitalised finance costs are amortised over the estimated life of the asset — as opposed to the previous policy where they were amortised over the life of the field.



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Stock Exchange weekly review

FOR WEEK FRIDAY AUGUST 7 TO THURSDAY AUGUST 13

	Last sale	Week's high	Week's low	Turnover		Last sale	Week's high	Week's low	Turnover		Last sale	Week's high	Week's low	Turnover
Airwork, 50c	118	120	118	400	Hellonstein	276	276	276	800	Selby	280	280	280	6400
0% pr	128	128	128	0	Haukei Enterprises, 25c	140	140	138	7800	Skellorup, 50c	370	370	370	0
Alps & N	406	406	406	0	Hawkins, 50c	112	112	110	13700	5-7 5% pr	40	40	40	0
Alcan, 50c	170	175	170	4700	8.5% pr	28	28	28	0	Smith Biolab, 50c	180	180	176	3800
A H I	285	287	284	28200	H B Farmers	295	295	295	800	12% conv pr	150	150	150	0
Alliance, 50c	130	130	121	24700	13% conv pr	180	180	180	0	Smiths C M	107	107	107	13000
12% conv pr	113	113	113	300	Healing	272	272	272	9000	Sinn Cross Hotel	138	138	138	1400
Amalgamated	148	148	143	18800	12% conv pr	280	280	280	200	Sinn Cross Mine, 20c	40	40	40	27000
Allied Farmers	345	345	336	18300	H Pollard	480	480	480	400	S F M	288	288	288	16700
12% conv pr	375	375	370	10400	10% conv pr	400	400	400	0	Spedding, 50c	70	70	70	0200
Alloy Steel	225	225	225	0	Henry Barry, 50c	185	185	185	14500	12% conv pr	80	80	80	1100
A M Bailey, 50c	250	250	245	8500	Holopool	500	500	500	0	Steel & Tube, 50c	130	138	130	12300
Ampol Pet, 50c	247	247	247	0	Huma Industries	170	170	170	1400	Suckling	180	180	180	0
A Beaven	180	180	148	18400	5-7.5% pr	218	225	218	12500	Taylor	100	100	100	0
11.5% conv pr	130	130	128	200	Ind Broadacasting	102	102	102	0	12% conv pr	180	180	180	400
18% conv pr	140	142	140	2800	Independent News	185	185	185	4800	Teltham	178	178	172	9400
Andros Group	180	180	150	500	Inti Group, 50c	200	200	200	0	12% conv pr	140	140	140	800
5-8.5% pr	121	121	121	0	1 Workers-Dow, 50c	240	248	240	1107	T J Edmunds	221	221	215	7201
12% conv pr	368	370	367	20900	James Smith, 50c	85	85	85	10700	Tally	200	200	200	340100
ANZ Banking Group	370	370	370	0	14% conv pr	60	60	60	0	Trust Corp of NZ	40	40	40	0
A Wright	80	80	80	0	12% conv pr	100	102	100	16000	Tuna Ashburton, 50c	80	80	80	0
A 6-7.5% pr	0	0	0	0	14% conv pr	215	215	215	0	TNL Group, 50c	110	123	116	97000
A 6-6% pr	0	0	0	0	14% conv pr	250	250	250	0	12% conv pr	80	80	80	100
A Bawell	325	325	325	500	John Edmund	70	70	70	6000	12% conv pr	102	102	102	400
A Ellis	50	50	48	13600	J Watson, 50c	70	70	70	6000	12% conv pr	142	142	142	400
Ashby Bough	385	385	385	1000	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
A B Cables	320	320	320	600	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Atlas, 50c	55	55	55	50	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
10% conv pr	55	55	50	187154	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Auck Gas	300	300	280	3700	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Austria, 50c	225	227	220	10000	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
10% conv pr	200	200	200	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
14% conv pr	105	105	105	900	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
A C I	270	270	270	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Autocart Sanyo	280	280	275	2400	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bellis, 50c	80	80	80	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bellis, 50c	130	133	130	42700	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
11% conv pr	115	115	112	700	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bank NSW	520	525	520	8000	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bank West, 50c	445	445	445	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bentons	185	183	185	271400	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bing Harris, 50c	02	03	02	7200	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
B H Z Finance	405	405	405	200	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bridgeway Mining	119	119	115	23700	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bristley, 50c	478	480	475	37400	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
16.75% spm pr	255	255	255	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Buc, 50c	78	78	78	500	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
B W P, 200c	2300	2300	2300	14400	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Brother, 50c	80	80	80	11000	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Bunting, 50c	100	100	100	1000	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
C P D	395	395	395	14000	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
10% conv pr	395	395	395	14000	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
C F M	127	127	127	14100	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
12% conv pr	127	127	127	14100	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Can Flour	220	220	220	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Can Timber	350	350	350	400	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
12% conv pr	375	375	375	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Capital Radio, 25c	112	112	112	200	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Capital Life, 50c	95	95	95	100	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Capital Life, 50c	280	280	280	1800	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Cartel 280	430	430	420	15400	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
CBA Finance, 50c	335	335	333	8100	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
CCL	293	295	293	9100	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Cenagro	255	255	255	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
12% conv pr	170	170	170	1800	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
18% red spec pr	400	400	400	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Choway	282	300	275	11700	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Chick Gas	300	300	300	0	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
Chick Press	378	378	378	100	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000
City Realities, 10c	48	48	48	8800	J Watson, 50c	70	70	70	6000	12% conv pr	116	116	116	3000

Strong lobby aims to kill credit legislation

From Page 1

They include the Bankers Association, the Housing Cor-

poration, the Hire Purchase Association and the Retailers Federation.

Leading the opposition fight is the Retailers Federation, which has tried to rally those

MPs who oppose the bill. It has also made representations to Justice Minister Jim McLoay, a

keen advocate of the bill.

Federation executive director Larry Purdy told *NBR* last week his group was "drawing up final submissions to the Minister of Justice outlining our opposition to the bill."

He confirmed that the federation had asked a number of members of Parliament to "lobby against the bill."

He agreed the federation could be described as actively lobbying against the bill. "Our letter to the Minister states our opposition and withdraws our support for the bill in its current form."

Purdy said his group had originally supported the bill in that it moved to remove the anachronisms of the Moneylenders Act.

His key objection was that the bill was too complex for the people it was supposed to protect to understand it.

"It is paramount to any other consideration that legislation should at least be able to be understood by the layman," he said.

"The bill is primarily aimed at the consumer, but it's so complicated that I don't think even the traders will be able to understand it."

He agreed with the comment by Labour's shadow Justice Minister, Geoffrey Palmer, that he needed a wet towel around his head when he read it.

Purdy said he believed the bill would not protect people if it was not understood and that the sanctions would finish up penalising people, such as traders, simply because they didn't understand the Act.

"There is too strong a sentiment running through the Justice Department that everything can be achieved by providing a good penalty," he said.

While the main thrust of the bill was to improve consumer credit disclosure and introduce a "finance rule" (rather than just an interest rate), as it stands the bill applies to a far wider range of financial transactions.

The cost to organisations like the finance houses would not be nearly as great because they dealt only in money, according to Purdy.

The retailers dealt in goods and the costs in applying the bill's requirements were bound to be much greater.

"The greater cost of this disclosure may even eventually outweigh the benefits to the consumer, because it is creating a big cost structure," Purdy said.

"Retailers would have to train all staff in the legal aspects of the bill — they are going to have to be acutely aware of the legal situation because failure to disclose will break the law — and the cost of the paperwork would also be considerable."

Asked how he considered his chances of having the bill set aside or withdrawn for reconsideration, Purdy said "an optimist would regard it as a 50-50 chance, although a hard-working optimist might regard it as a 51 per cent chance."

Housing Corporation director-general Ted Bebe told *NBR* the problem from the corporation's point of view was not the tenor of the bill, but the cost involved.

He said the corporation had large stocks of forms which

would no longer be used. "So the cost of the bill is both an immediate and long-term one — we're talking \$100,000 a year in terms of extra costs," he said.

Bebe said the corporation had not been lobbying to have the bill set aside — "it wouldn't come into our view. As a Government agency we simply carry out Government policy without a murmur. It's not our place to criticise the law."

"There is no way we are going to bring a pressure on the Government to have the bill set aside. We only make known the administrative difficulties to them," he said.

The Housing Corporation had been "making representations" on the cost of the bill, said Bebe, "where way we are going to set a mark or defend the public."

Bankers Association executive director Brian E. told *NBR* the banks would have major problems with introduction of the bill because they operated on a 15-monthly stocks of paper, and would also have to make alterations to computer programs.

The principle of the bill, "landable" but the cost to banks could be considerable. "An exemption to make necessary adjustments, he said.

"These could take from 18 months, Small said.

"We are still studying it and may make further representations on some points."

"We acknowledge the need in theory — but we question the relevance of the concept to trading banks."

The major supporter of the bill is the Finance House Association.

Many of those opposing the bill only because it will affect the Moneylenders Act, which has irked the financiers for years.

The FHA believes it is operated at a disadvantage to other institutions for years under the Moneylenders Act, but with the Credit Commerce Bill all finance institutions will operate under the same rules.

FHA chairman Terry Fitzgerald acknowledged the opposition to the bill at the association's annual dinner in Wellington last week.

He praised the objectives of the bill and noted that "the finance industry has operated within these conditions under the Moneylenders Act, it is interesting to note that several groups, including government bodies and other prominent financial institutions, have sought exclusion from the provisions of the proposed bill on a variety of grounds."

Fitzgerald said he was "delighted" these appeals were rejected by the Statute Revision Commission which supported the principles of free competition and the rights of the consumer to have access to the comparative costs of credit.

But he hinted at the latest attempts to have the bill set aside when he said: "This motion is strongly committed to opposing any attempt to have the bill withdrawn or to bring in exclusion from disclosure terms and universal application."

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Union manning scales could scupper shipping plan

by William Hobbs

PROPOSALS for a new shipping service across Cook Strait could founder because of the manning requirements of the maritime unions.

The plan for a new daily Wellington-to-Nelson cargo service was announced on August 6 by Charles Huflett, a Nelson entrepreneur with extensive interests in the fishing industry.

He said a company was being set up by a consortium of Nelson businessmen to run the

Cook Strait link under the name "Operation Seahorse". At this stage Huflett will not say who else is involved, but he says the company should be formed within the next three months and they would hope to have the service operating by the end of next year.

Huflett's idea is for what he calls a "back to basics" form of coastal shipping, using small, easily manned ships with a large capacity — probably 350 or 400 tonnes — for handling bulk or containerised cargoes.

At present two proposals are being considered, and one of these is for the use of a Swedish-designed cargo handling system using what in effect are up-to-date versions of World War II tank-landing craft.

These bow ramp vessels can be operated by a crew of three (and unloaded by a gang of two), though Huflett accepts that New Zealand maritime manning scales will require the company to carry a bigger crew than that.

What he would like to see, however, is the acceptance by the maritime unions of the principle of a multi-functional crew in which the steward may also be the deck-hand or the motorman, and may even be the skipper.

This is something which still has to be discussed with the unions, and their acceptance or otherwise of such a system to keep crew numbers low could determine just whether or not the venture goes ahead.

Given favourable conditions, Huflett believes Operation Seahorse could cut present freight rates between Nelson and Wellington by a third.

And if he can keep freight rates down and offer the daily service he proposes, it seems likely he could pick up a considerable proportion of the traffic which must be double handled at present, going by

road to Blenheim and then by rail to Wellington using the Cook Strait ferries.

He also has a likely source of business in the cargo at present handled by the rail-air service. There is still no sign of any replacement offering for the ageing Bristol freighters used by Safe Air, and the rail-air service is already operating on borrowed time after surviving one Government announcement that it was to be axed.

A third possible source of cargo for Huflett's Operation Seahorse is that the service will generate new business. In his announcement of the proposal, he talked of the re-introduction to the Wellington market of horticultural produce, fish and other perishable goods from Nelson.

And he says the consortium believes a regular and reliable transport service at competitive

rates will open up new possibilities for manufacturing and employment in both the Nelson district and on the West Coast of the South Island.

He is also looking at the possibility of extending the service to other South and North Island ports. One of the first being considered for use is Porirua, which as the North Island terminal of the Nelson service would reduce steaming distance considerably, allowing freight rates to be even more competitive.

Huflett says the massive increases in transport costs attributable to increased fuel charges have paved the way for a return to the sea carriage of cargoes within New Zealand.

And he says Operation Seahorse is in effect a more modern and larger version of the early scows which plied the New Zealand coast.

Sea Bee upgrades its veterans

by Lindaey Dawson

SEA Bee Air, Auckland's amphibian airline, has a "new" aircraft that's as well-equipped for navigation as an Air New Zealand 737.

The venerable Grumman Goose, spruced up with turbo-prop engines, colour weather radar and Omega navigation gear, is due to leave Auckland later this month for Funafuti, where it will fly Sea Bee Air's international services, subject to Tavalu government approval.

Sea Bee, which took over Mt Cook Airline's amphibian operation in 1976, flies in and out of six countries between Funafuti and the Tokelans, Western Samoa, Fiji, Kiribati and Naumi.

Until now it has run a Grum-

man Widgeon in the islands. The new turbo-equipped Goose will have a 1500-mile range with a higher payload. The smaller Widgeon will return to Auckland.

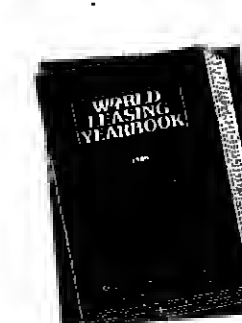
The little airline, based at Mechanics Bay, also operates daily services to the Bay of Islands, Waiheke and Great Barrier Island with two more Goose aircraft equipped with conventional engines. It carries some 45,000 passengers a year.

The Goose flights are becoming something of a "must do" for American tourists. The last Goose airframe was built in 1946 and the aircraft are a touch of nostalgia for Americans brought up in the jet generation.

Scrapies in the aviation industry were doubtful that am-

phibian pilot Murray Pope could make a go of it when he took over the airline. Not only is he still running, but he's developed the outfit into an "international" operator.

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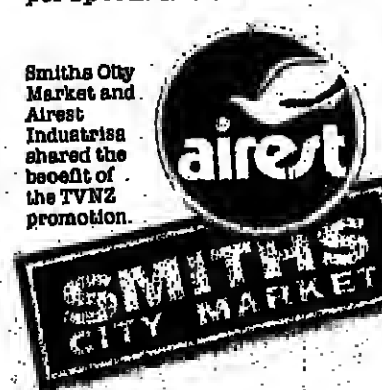
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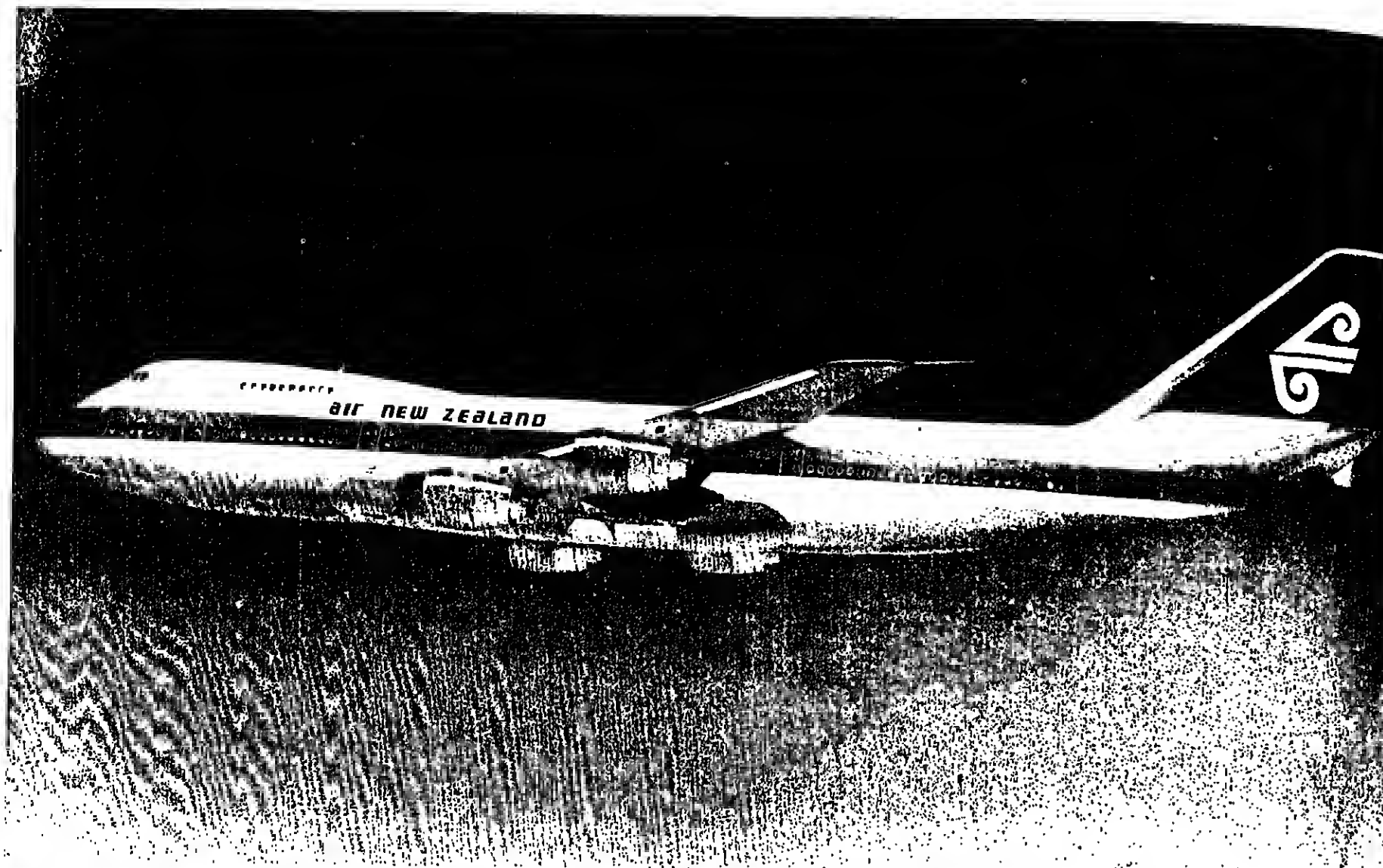
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Business

Analysing annual accounts: Cable Price Downer

by Klaus Sorensen

WELLINGTON constructor and engineer Cable Price Downer hid its light under a bushel for years — at what cost to shareholders.

In relation to potential earnings and assets the company's shares traded at bargain levels until just over a year ago.

Now the share price is roughly in line with the asset backing — the result of market expectation of major projects benefits — this once colourless company is beginning to brush up its image.

And on the subject of colour, few company chairmen come with the literary style of CPD's Bill Steele.

For example, "in today's trading environment, the pressures are severe, whether its the tunnels three-deep in water, the process worker with a recalcitrant piece of machinery or raw material that won't behave, the salesman with a tough customer, or the executive with a desk covered in paper demanding attention and decisions. All have their pressures. The response to these pressures is shown in the pages that follow."

And the pages that follow outline very well the company's current status following a year where, "from a strutting start it finished with a strong accelerating pace that promises well for the future."

The company's effort in raising its profit even though it has been forced to operate its heavy engineering division on virtually a break-even basis, has already been reported widely.

But it seems one of the most significant pieces of information in the report has been overlooked — a joint venture with a Scottish company which

specialises in storage tanks for the oil and gas industries — which seems sure to boost CPD's share at major projects work.

CPD has a joint venture with Motherwell Bridge Holdings Ltd which operates the largest steel fabrication shop in the United Kingdom "and has been particularly active in storage tank manufacture for North Sea Oil Producers."

"The joint venture will operate from the premises at Wiri in Auckland currently being used by our wholly-owned subsidiary, Price Norsteel (Fabricators) Ltd. This association will significantly broaden our range of expertise and capacity in the important field of natural gas related projects."

Reviewing the year, Steele says the March 31 1981 year began on a "somber note", but was marked by strong resurgence of demand for products of the major manufacturing companies and for the services and skills of the construction company Downer and Co Ltd.

Another reason for the buoyant increase in trading profits before tax from \$100 million to \$131.1 million was that Downer and Co worked several large construction and civil engineering projects beyond the critical stage "at which profit cut with prudence is released, thereby increasing its significant contribution to trading profits."

Steele drops a further hint about the buildup of business momentum towards the end of the year when he says "overall most sectors of the group's activities exceeded their budget profit estimates (including estimates made late in the year on the basis of interim accounts)".

Steele says "our engineering subsidiaries continue to suffer from the lack of demand in their sphere of activities and it is not anticipated that this situation will change markedly in the immediate future. It has been determined however to maintain their activities (at least break-even, if necessary) and these companies are in the process of improving their capacity and capabilities to ensure they have the ability to cope with the higher technological standard that will be required when the Government's energy development programme comes on stream."

"The profit and loss account shows turnover increased from \$220.6 million to \$253.9 million and the notes to the accounts provide a good breakdown of turnover."

The largest contributor was merchandising (including automotive) at \$147.5 million (down from 61 per cent of turnover to 58 per cent). Second was construction at \$53.5 million (up from 19 per cent to 21 per cent) then engineering with \$31.7 million (up from 12 per cent to 13 per cent) while manufacturing was steady at 8 per cent with a turnover of \$21.1 million.

The cost of sales of \$207.4 million, compared with \$180.2 million last year, left a gross profit of \$46.5 million compared with \$40.1 million in 1980.

But "none of the major energy projects has yet contributed anything of substance, so planning still points towards the ending of loss."

For the future looks good, "given a continuation of the present pattern the trading result should mean the upward trend shown last year."

Another indication that the company is taking more notice of investor attitudes is the decision to equify-account associate company earnings after having steadfastly argued against this practice in previous years.

According to Steele: "In taking this step your directors offer no apology for an apparent change of attitude, but the

figures are now so substantial and the practice of equity accounting is so widespread that the omission of these figures from our accounts would be to the company's detriment when its results are compared with those of similar organisations."

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Investment income was down from \$3.5 million to \$2.9 million, due mainly to a fall in the net profit on the disposal of assets, from \$992,000 to \$509,000.

Other expenses, apart from the cost of sales, increased from \$33.3 million to \$41.3 million, including a 25 per cent rise in selling distribution, administration and management expenses, from \$27.5 million to \$34.1 million.

Group earnings before tax were, therefore, up from \$10.6 million to \$13.1 million. Taxation was up from \$3.7 million to \$4.9 million, while minority interests were extraordinary items after tax (which comprise capital profits arising from the disposal of assets and investments of a nature not normally associated with the ordinary activities of the group) were down from \$1.7 million to \$0.7 million, leaving group earnings after tax of \$8.6 million, virtually the same as in 1980.

However, the inclusion of associates' earnings of \$1.5 million (\$980,000 in 1980) lifted the net profit from \$9.6 million to \$10.2 million.

The balance sheet shows total shareholders' funds increased, from \$60.1 million to \$67.2 million. Term liabilities were down slightly, from \$13.6 million to \$13.1 million, while current liabilities were up from \$56.6 million to \$67.3 million.

The directors will also earn shareholders' praise for having the forethought in September 1980 to purchase forward exchange cover to protect the company from the exchange risk on its US\$4 million overseas borrowings, due for repayment in September 1981.

Steele says this move insulated the company "from the recent severe devaluation of the New Zealand dollar" and notes that a private debt-secure placement has been made locally to repay the loans.

Total fixed assets are up from \$92.2 million to \$112.2 million, while investment, up from \$5.1 million to \$10.1 million, and current assets, up from \$85.1 million to \$97.1 million,

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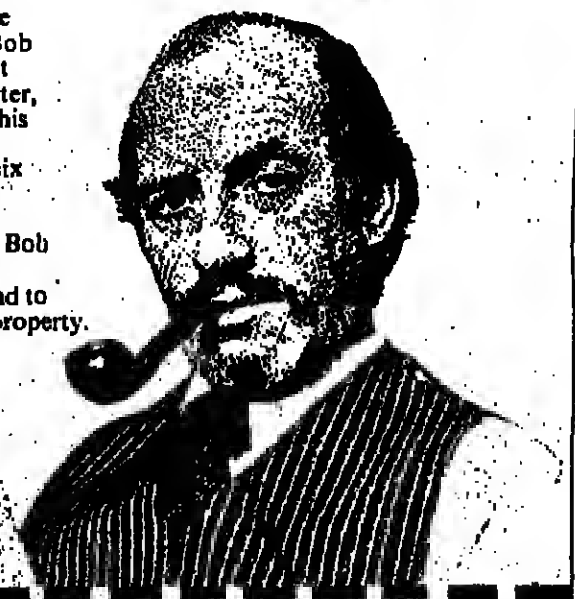
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Ballin gets to mix it with Lion

IT'S ironic that, this year, Ballins Industries should sit down at last at its board meetings with a Lion Breweries representative on the directorate.

Ballins got together with the precursor Lion (then New Zealand Breweries) 23 years ago, they decided to stop cutting each other's throat with competing breweries.

In an historic deal in an industry scarred by a century of scrapping amongst the liquor barons, Ballins backed out of brewing (at least for 100 years) and agreed to sell NZB beer ... at a price.

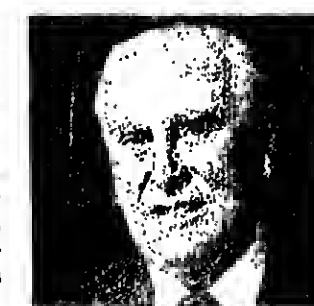
The price tag was one million NZB shares, which were to prove a useful and controversial (to NZB anyway) source of additional bonus shares as Ballins grew from being a medium-sized Christchurch company to a national group spread across hotels, wine and spirit agencies and fast food.

It was also a bulwark against the potential raider, and there seemed to be one preparing his ground during a flurry in the Ballins' share price earlier this year.

Lion itself had acquired 17 per cent in a disliked move many months previously.

It had been a traumatic year for Ballins and one of substantial change in emphasis.

As NBR explained (August 3), Ballins has turned heavily into discounting of beer and top shelf lines and must now be giving those who had been slipping at its market over the past



Sir Ralph Thompson "paw" in door

few years something to worry about for a change.

The new direction comes from the top, 42-year-old Barry Hogan, managing director since late last year, determined to mix it with the undercutters.

"We have opted to seek increased market share and this has involved sacrificing some margin and incurring heavy advertising costs," says the chairman, Auckland accountant Bill Wilson.

"We believe that these short-term costs will be entirely justified by future long-term growth and profitability."

One of the new initiatives aimed at gaining market share — the acquisition of 11 wine and spirits outlets: from Dalgelyns — is on ice, after being torpedoed by the examiner of commercial practices.

But Ballins is lining up a challenge. It is awaiting permission to proceed with a cash purchase of the 75 per cent of outstanding capital it doesn't already own in super-sized outlet Johnston's Wholesale Wine and Spirit Co at

Onehunga, a \$4 million a year sales success.

And the expansion is designed to dovetail into a rationalised retailing and distribution network. Wilson is convinced that better techniques must be introduced to this aspect of the industry.

Putting that principle into practice, Ballins recently decided to lease its managed hotels to a joint venture operation Inas of Canterbury Ltd — a 50-50 arrangement with none other than Lion.

There was more to this deal to recommend it than just disposal of plant and chattels to the joint venture company — it also removes most of the incentive any raider may have had to sell off Ballins' assets.

Thinking the new policy through produced a big surprise for shareholders the other day, when Ballins also announced that it had sold its shareholding in Lion for more than \$2 million cash — or a capital profit of \$1.36 million. Added to \$1 million in extraordinary profits from sale of shares in wine and spirit company Fletcher Humphreys — which merged with Quill Morris — there was a substantial boost to the Ballins' barrel.

The arrival of Lion chairman Sir Ralph Thompson on the Ballins' board was a matter of inviting on a representative from the company now managing the group's hotels, rather than Lion finally getting its paw in the door after all these years.

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If you think that sounds a little too good to be true, ask your Agency to dig out our booklet "The Good News from Newsweek". The evidence for our case is all derived from current McNair Print Readership Surveys and will open your eyes to one of the most cost-efficient magazines in New Zealand today.

Here's a sample comparison from the study, illustrating the way in which Newsweek can be included in a media schedule at virtually no extra cost, with startling results:

TARGET AUDIENCE: Men 20+ (Socio-economic level 1)
POTENTIAL REACH: 55,000 MEDIA: MAGAZINES - FULL PAGE 4 COLOUR (U.S. DOLLARS)

SCHEDULE 1

Insertions		
TIME: 8	=	\$13,480
NEWSWEEK: 0	=	-
TOTAL: 8	=	\$13,480
REACH (Target audience)	=	25,000 (46.3%)
RATING POINTS	=	222
AVERAGE FREQUENCY	=	4.8

Just one of 15 cases illustrated in the booklet where the addition of Newsweek to a schedule can extend reach considerably for no more, and often actually less money.

On cost efficiency alone, Newsweek warrants inclusion in your agency's media mix. If it's not there, ask why. Because if it's not there, chances are you're not getting your share.

REACH FOR NEWSWEEK

SCHEDULE 2

Insertions		
TIME: 6	=	\$10,110
NEWSWEEK: 6	=	\$ 3,780
TOTAL: 12	=	\$13,890
REACH (Target audience)	=	28,000 (51.9%)
RATING POINTS	=	233
AVERAGE FREQUENCY	=	4.5

SCHEDULE 2 OVER SCHEDULE 1

EXTRA COST	=	+\$410
INSERTIONS	=	+4
REACH (Target Audience)	=	+3,000 (5.6%)
RATING POINTS	=	+11
AVERAGE FREQUENCY	=	-0.3

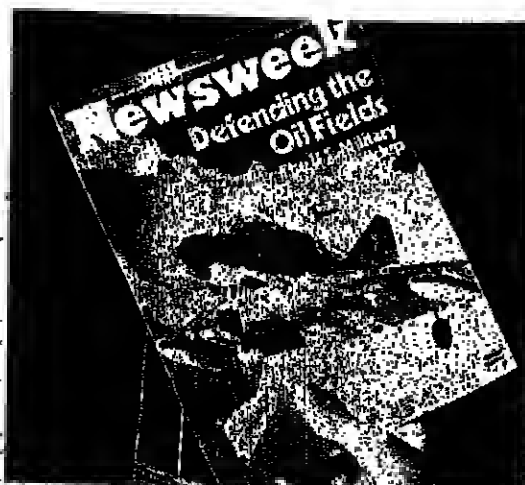
Clip this coupon for our free booklet, "The Good News from Newsweek".
OK, surprise me. Please send me the above literature.

Mr J. Scull, Media House (NZ) Limited
P.O. Box 37094, Parnell, Auckland 1.

NAME:

ADDRESS:

COMPANY:



Industrial relations

Joblessness — the issue fully employing union minds

TO follow up what the trade union movement did not do in 1930 and to "begin" the fight back against unemployment the Federation of Labour and Combined State Unions joined forces to confer on unemployment.

The conference on "the only growth industry in New Zealand" worked from the premise that there is a right to work for all and it sought to "identify the problems of the unemployed and start the process of trying to resolve them in the short and long term."

The costs of unemployment were identified in personal terms — loss of self-esteem; the use of drugs, alcohol and even suicide as balms; rifts between families and loss of initiative. And in economic terms — a multi-million dollar drain, loss of productive work capacity and loss of skill.

Whether unemployment is the tree that grows out of political or economic decisions was widely debated at conference workshops.

The workshop statements were later discussed, and the whole will form a manifesto on unemployment which will either be a statement of principles or a compilation of the workshop reports (an alternative to the *Jobs and People* booklet).

Economic factors which have caused unemployment were identified in a workshop convened by FOL economist Alf Kirk. Insufficient commitment to create new markets, profits accruing overseas, the sinking lid policy, social welfare cut-backs, inflation, the continuing devaluation of the dollar, changes in ownership and control of local industry, concentrated ownership eroding the human factor, poor business management, the wage-fixing system, lack of confidence and leadership, division among workers and lack of social consciousness and awareness of unemployment were identified as contributing factors.

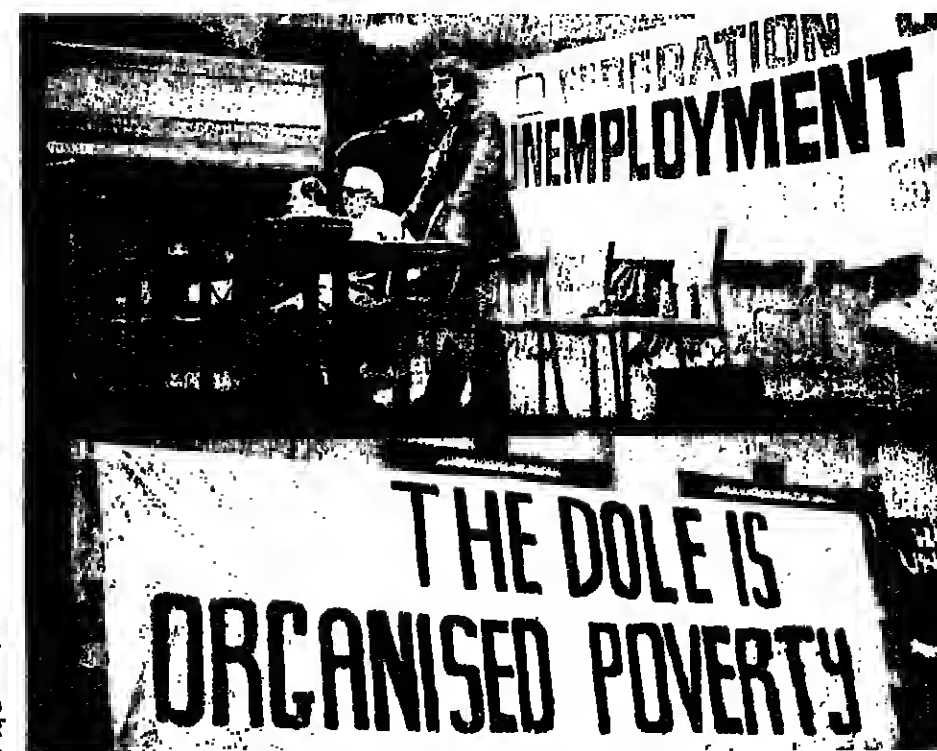
Solutions mooted in the workshop included the development of regional and labour potential, market development for smaller industries, retention of skilled workers, import controls at an adequate level and control of foreign investment.

Improvements in the short-term job-creation machinery was one suggestion which Labour Minister Jim Bolger, perhaps unwittingly, implemented last week when he introduced a Labour Department group to help people to find jobs. And then the Labour Party reiterated its policy of ensuring school-leavers have jobs or training for the first five years.

The Government was also pressed to decentralise Government departments, foster price control and pass legislation which obliges employers to justify redundancy decisions.

There was also the rhetoric: "Workers are superfluous to the capitalist system", "a fair sharing of resources is imperative to survival", "profits from mechanisation must be redistributed", "employers should be responsible for the full cost of the dole".

But long-term aims given workshop approval included: ● A minimum living wage, with the dole falling in line. ● The dole for all job-seekers, regardless of age or marital status.



David Thorpe puts his point (top); the banner says it all.

In the short term, the workshop sought: ● Removal of tax from the dole — the present average benefit is \$66 gross, \$56.68 net a week (33 per cent of the average weekly wage). ● Travel, health and housing concessions, now given to old age pensioners and students, for the unemployed.

One hundred unemployed people were among those who attended the conference, along with representatives of many unemployed workers' organisations.

They debated whether leadership for the fight should remain with those organisations, or be assumed by the trade unions.

FOL president Jim Knox urged the unemployed groups to contact their local trades council for financial and moral support. "Don't have suspicions of people who want to help you, we need you as much as you need us," he said.

The conference was told that trades councils should set up unemployment sub-committees and that the CSU should pressure the Government to lift the sinking lid — "except in the Police Department where numbers should be reduced."

Knox recommended national co-ordination of unemployed groups within the organised labour movement.

Unions were urged to keep up the membership of members made redundant or laid off and to use them as speakers to educate the employed about the problems of the unemployed.

West Coast meat workers have taken the initiative on a plan that might become more widespread. They are levying 1 cent an hour, 40 cents a week — as a contribution towards unemployed organisations.

Moves are afoot to ask employers to meet employee contributions \$1 for \$1. Employers will probably comply, given the likelihood of industrial action if they do not.

The conference recommended that where union members were made redundant, a lump sum should be paid by the employer to the local unemployed union.

It endorsed the general principle that unions should fight to save jobs. But three months' notice of impending redundancies, full financial information on the company's position and the "development of unity and

action from all possible allies" were regarded as imperative when redundancies did occur. And it proposed that unions give financial and other assistance to unemployed workers' groups, maintain contact with and provide some initial form of organisation for redundant workers, and educate people on their plight through publicity.

Government policy for young people was seen as "failing" — the young people did not train for actual jobs, and the policy did not create jobs.

The education system was "built on pass and failure and competition. Secondary schools are too specialised. Young people are not prepared for the realities confronting school-leavers."

Contracting out of public works was criticised because it reduced pay rates and conditions for workers, contributed to unemployment through job loss, and gave profitable segments of the public sector to private enterprise, increasing the burden to taxpayers.

The Departments of Labour and Social Welfare came under fire for withholding information on unemployed workers' rights.

The departments were said to be unable to cope with or adequately help the unemployed because the legislation they worked under had been formulated in times of full employment.

There was a demand that PEP workers be kept on until permanent jobs were found and that they be given sick pay.

The "casualisation" of work, the four-week stand-down period between schemes, the undermining of workers' conditions and unions' ability to organise them, were all blamed on the special work schemes.

Training schemes came under fire as "just a cover for unpaid or underpaid work."

"No employer takes on staff with the purpose of training them. Apprentices are taken on as cheaper labour and during that time we hope they get some training," one delegate said.

Think big was criticised — "the only time things will be sweet is at the courtship stage" (when construction demands labour).

Opportunities flowing on from think big were described as a "myth", with investment more likely to be pumped into

improved technology "creating more profit and less jobs".

The conference endorsed abandonment of the second shelter, independent studies on all projects, the limiting of foreign investment to 10 per cent, and the promotion of labour-intensive industries.

The Government and employers were described as "endeavouring to use the current unemployment situation as a means of breaking down working conditions."

Part-time work was said to be increasingly used "as a threat to secure full-time employment". And youth rates and early retirement were "not alternatives to unemployment."

The union alternative in the area of working conditions was said to be the promotion of a shorter working week... "a campaign as important to the unemployed as it is to the employed."

But high-profile union advocate Rob Campbell said the shorter working week was an industrial claim and campaign issue in particular industries, and it was "no good to these campaigns to promote it on a job creation basis over the board. It is not an overall panacea for unemployment," he said.

Clothing workers secretary Frank Thorn asked the CSU and the FOL to make representations to the Labour Party to ensure that the "Incoming Labour Government would not consider youth rates."

"Youth rates," he said, "would create a second class of workers."

They would not solve unemployment, but would merely shift these workers down the line while "the ranks of the unemployed will swell with older workers."

He asked "that unions fight against youth rates and abolish the existing rates in awards."

The conference debated whether any one group of unemployed should be given priority.

Maori women were described as leading a queue that was "getting close to a cliff edge — a helicopter was required to get them away."

The case for the particular problems of disabled people was put.

The conference decided to uphold the principle of unity — it regarded unemployment as a problem for all, which should be treated as such.

A COMMITTEE set up by the Government to investigate the causes of unemployment and recommend methods of dealing with the problem produced a report. Trade unions were circulated with it and the covering letter concluded: "This question is of such vital importance to the trade union movement that it is unwise for any union or local centre to pass hasty judgment on the proposal... It may be advisable to convene a national conference of delegates to discuss the proposals before any definite pronouncement is made by the movement."

That letter was signed by Jim Roberts and sent to all affiliates of the Alliance of Labour in 1930.

A combined unions' conference on unemployment was held in Wellington in the second weekend of August 1981. Three hundred unemployed workers and trade union representatives conferred for two days and unanimously endorsed a manifesto which the Combined State Unions and the Federation of Labour will eventually ratify as policy. Ann Taylor describes the workshop statements and discussion which formed the input to the manifesto.

Methods of publicity were discussed; suggestions included the use of soup kitchens and dole queues; workshops on how to handle the media; posters in fun parlours and on the streets; news-sheets to unemployed organisations; and the use of video.

The Labour Party came in for a mixture of flak and favour. "It's the only viable Government for us" was tempered by CSU chairman David Thorpe, who said he doubted "that we can achieve fundamental political aspects with the present Government."

"Whether we can with opposition parties is something we must turn ourselves to," he said. "There is a need to convince opposition parties that these sorts of policies must be adopted."

FOL secretary Ken Douglas said the problem was "exacerbated and magnified by the present Government," but people from the floor said the Labour Party's policy was merely a dressed-up version of National's.

Knox introduced Labour MP Gerry Wall as "a delegate from Porirua" (he did correct

himself) at a rally at the end of the conference.

Wall said "you only need to look at Labour's record... we will do what Labour has always done" to a hall draining of people.

The workshops reports and debate will go to an organising committee of three CSU and three FOL representatives, which will produce a manifesto and programme of action. The programme will then be referred and widely circulated.

Each organisation will be expected to determine its attitude to the programme in terms of their own procedures. But participants were urged to take note of the suggestions which had come up and implement them without direct leadership from the top.

There was some recognition of the idea that there will never be a solution. Wall, for example, although known for his optimistic remarks said: "It is no longer enough to say that a change in Government will mean the end of unemployment... the economy suffers from severe structural defects which cannot be wiped out with a magic wand by any Government."

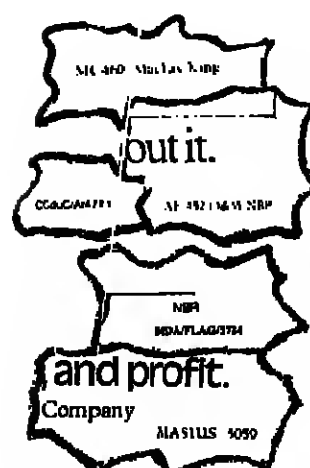
"Maybe if they had used COWAN'S Fine Art Paper people would know who I was?"



Portrait of a man unknown (The man with a crown and cross). 6.1

Key numbers: do they unlock any real secrets?

by Grev Wiggs



KEY numbers in print advertising are those groups of small-sized letters and numbers usually found in the bottom right-hand corner of the layout. They are used to identify individual advertisements, particularly when a series of ads shares common features or the same headline throughout.

Close observers will have noticed a growing tendency for initials representing an agency name to be used instead of what was formerly the case — initials standing for the product name or the advertiser.

It is not too difficult a guessing game for those in the

business to identify such abbreviations as DWME, MDA, O&M, GSI, CCduC, PRA, W&M and a number of others. At least two agencies identify their clients' advertising with a full name — Masius (D'Arcy-Macmanus & Masius) and Mackay King.

A half-century ago it was common practice for agencies to proclaim their authorship with a not too unassuming imprint. Some used immodest logos in bold reverse and in time the NPA was driven to outlaw the practice.

The position remained unchanged for many years but last year after discussions between

the Four As and the NPA, objections were withdrawn.

So, to all intents, the practice is a new one but it appears to be rapidly growing. Questions arise. Is the agency getting a free ride? Is any useful purpose served? Should it be a question of all agencies or none using the device?

Ogilvy & Mather's managing director, Martyn Turner told *Admark*, "We use our initials 'O&M' simply to identify our own work."

"It indicates that we clearly take the responsibility for the ad. In this sense, coding the ad with the company name imposes a discipline on the agency. We use our company key on

all ads and have no objection from the clients. I understand that in France agencies are compelled to identify their television commercials. That is a good thought, I believe."

Wood & Mitchell's principal, Felix Wood, said: "You like to be identified with the work you are turning out. I support a discreet identification but the use of the full name is direct advertising and goes a bit too far."

Mackay King's chief executive, Terry King, explained that his company used their full name simply because the initials 'MK' would not be recognisable. "We use it because we are proud of our

work and we feel that our clients' advertising is our best advertisement. A couple of clients have requested that we don't use our name and we have naturally respected their wishes."

King believes in the principle of all agencies identifying their work. "It's good from the advertiser's point of view who they know who is responsible for each ad. It's also a help to agency job-seekers, particularly creative people, who can judge the work of an agency and the type of clients it has."

The head of Masius Wellington operation, Ian Spencer, told *Admark* that his company used the full name "because we are proud of the work." He said: "We think using initials is just being lazy. We don't apply the name to work which derives its overseas material — but the New Zealand-designed it carry our name. We have problems as far as clients concerned."

But not all agencies are in favour of the use of agency numbers.

Campaign Advertising partner Terry Christie, said that a general principle, his agency did not use an agency key.

"The ad is for the client, not the agency," he said. "The space used should be for the client benefit and if the agency's name appears, it should pay part of the cost. We just don't think the practice necessary."

Four As president Jim Bell said that the matter was left to the individual decision of members.

Asked why his own company, J Inglis Wright, did not use a company key he replied: "Up till now we have seen no use for it apart from the need for reference. It can be argued that clients' ads are not the appropriate vehicle for advertising. We promote ourselves differently."

One view of the position is that the agency-key users are over-estimating possible benefits in identification. Only the very involved will take the trouble to scrutinise the codings.

Only the sophisticated advertisers will be able to identify the various agencies from their initials. And if they are so well aware of agencies they will already have a comprehensive knowledge of how major advertising accounts are distributed among them.

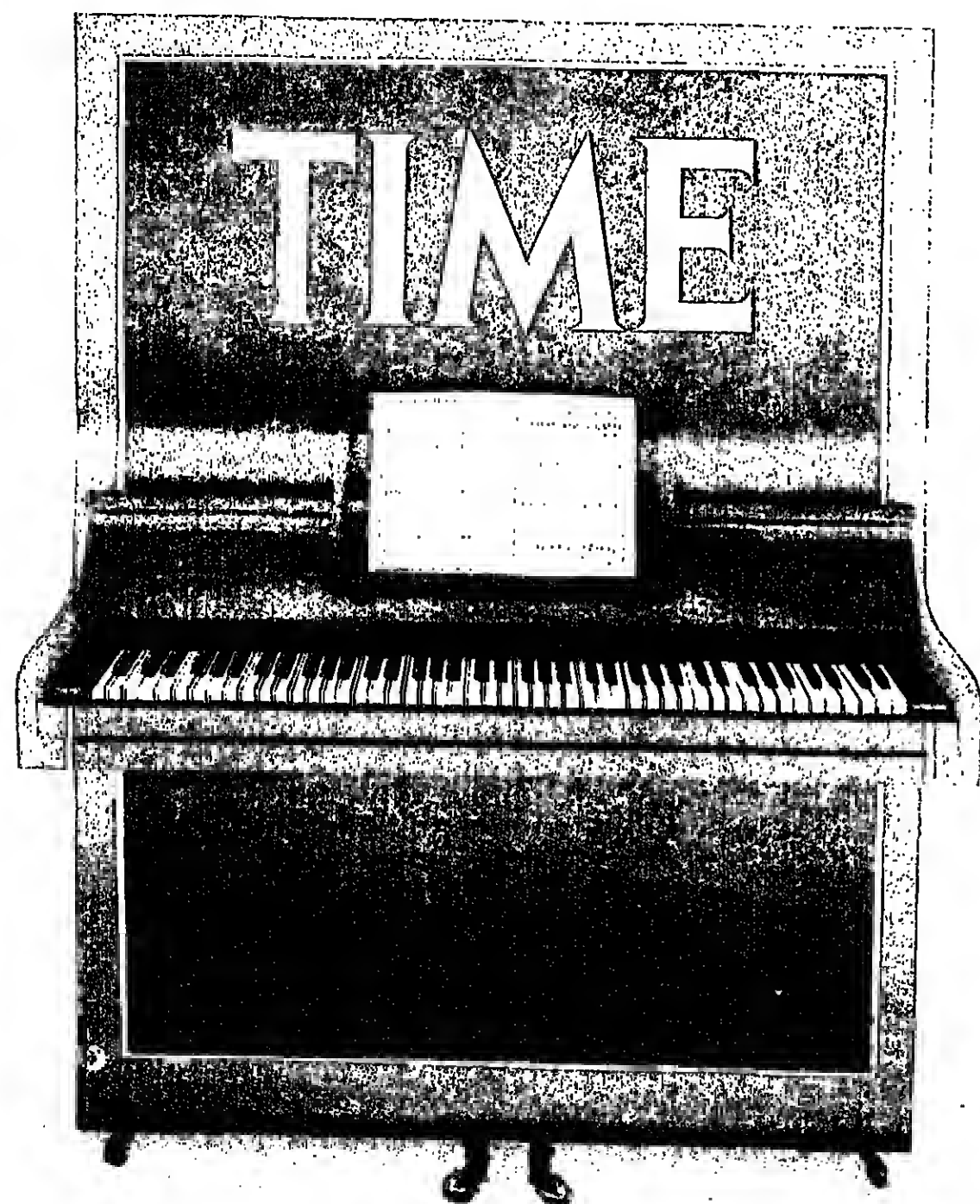
The same argument implies that agencies who do not wish to identify their ads will lose little by the omission. Some who for reasons of security do not wish to publicise their client holdings are under the illusion that it is difficult to discover what these are. The fact is that agency client lists are virtually public property.

Many advertisers, moreover, list their advertising agencies in the *New Zealand Business Who's Who*.

All of which is another way of saying that client-agency connections are mighty important to the client and agency concerned — but to few others.

ELECTION WATCH '81

Update: Pages 32-33



TIME ENTERTAINS.

Which weekly news magazine serves so many readers?
(84% regularly serve or use alcoholic beverages at home.)
Which weekly news magazine mixes so well with its audience?
(81% entertain at home in an average week.)
And which weekly news magazine is the biggest social success?
That's right... TIME.

Survey of Time New Zealand primary readers by Erdos and Morgan, Aug. Oct., 1979.

Ad art on show — but something is missing

THE New Zealand Academy of Fine Arts, Wellington, deserves hearty commendation for mounting the *Advertising Art 1981* exhibition — its first of this kind since 1934.

Public viewers will no doubt find much to interest and even intrigue them in this behind the scenes close-up of commercial communication. But my guess is that the professionals will feel some disappointment. And they have only themselves to blame.

Here was an opportunity to showcase some of our best examples of commercial art and photography and fewer than a dozen advertising agencies responded.

More art and photo studios should have been there. More advertisers should have been actively involved. It was less than a representative exhibition.

It just did not add up that a marketing-orientated industry, with a plenitude of material on hand, when offered a first-class shelf display, left its stock in the storehouse.

The academy broadly interpreted "advertising art" to mean "visual communication", a definition which would have admitted traffic lights, and actually did permit the entry of printed books and at least one



piece of fine art, presumably by a commercial artist.

With this wide scope, it was surprising that only one annual report was entered. Some surprisingly good and understandable graphics are used to separate those columns of incomprehensible figures.

Conspicuously absent were really top-class food and drink studies and automotive pictures where some of our best work is done, in this observer's opinion. And the work of good figure draughtsmen seems to languish unregarded.

But it is churlish to decry a praiseworthy exhibition for sins of omission for which it is not responsible.

Advertising art is not just a matter of form. It has a func-



tion to perform as well. These entries selected themselves for me:

- The no-nonsense yet poetic commercial photography of Brian Moss in the Mark Grand-designed annual report for Tolley Industries.

- The sculptural photography of Brian Blake in posters for Maori carving and fur pottery.
- The entry by J Inglis Wright of a poster heading for Golden New Year lottery which is simply geometric lettering rendered in nostalgic and im-

maculately applied air-brushing.

- By the same company, a Ford Falcon poster from a retouched, airbrushed, photographic piece of plastic automotive art superbly reproduced in full colour by Keith Levido's cunning silk screen skills.

(In these and other entries it is difficult though unimportant to distinguish between reproduction and original. One is a function of the other.)

- The unpretentious charm of design and lettering in a carry-bag for The Oaks development by Barry Ellis Graphic Communications.

- The arresting quality of Mike Wilkinson's photographs used in SSC&B Linus Whitwick's corporate campaign for Philips.

- The corporate styling for the National Bank by Mackay

King Advertising which avoided the temptation of merely adding on the black horse symbol regardless.

- The dynamism of the self-focussing colour drawing for Reidrubber tyres by Joop van Huesden for Campaign Advertising.

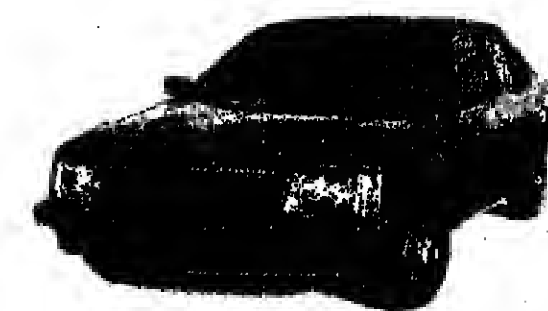
Let's hope that the academy will be encouraged to repeat the exercise in the not so distant future.

Let's hope the advertising industry nationally will recognise that opportunity to the extent of getting off its collective backside.

Let's hope that some benign sponsor will come forward with sufficient funds to tour the exhibition so that centres other than Wellington might view what could be a magnificent pavilion for an industry much in need of it.

— Grev Wiggs

How to give yourself extra advantages by leasing your next car



TAX AND CASH FLOW. Two major problems that face most companies, self-employed and professional people.

BNZ Finance car leasing can help both. It's easy and as close as the Manager of your nearest BNZ bank. He can explain the conditions and the advantages of leasing, the outlay and the repayments. What's more, he can make it happen on the spot.

BNZ FINANCE
CAR LEASE FINANCE

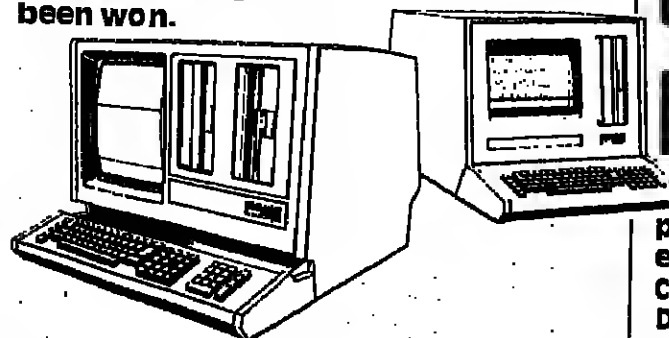
BNZ Finance Limited
BNZ 100 000

WORD WAR WON

The word processing market has become a battleground. Fighting to undercut prices and bombard you with system features is often more confusing than convincing. But—CPT is here!

CPT Rated NO.1 BY USERS

CPT is clearly established as the leading word processing system in New Zealand, with more than 200 systems installed. And now the CPT 8000 is rated No. 1 in terms of user satisfaction by the authoritative Datapro Research Corporation in the U.S. User satisfaction—the ultimate measure of success. The word war's been won.



SUPER Efficiency

The CPT 6000 and 8000 systems are equipped to meet all business needs, boost your business efficiency, and are backed by a total support package. Installation of a CPT system not only means being able to recruit and retain high quality staff. Increasing current staff productivity ensures your business remains competitive—and that you beat inflation by fixing operating costs and overheads now.

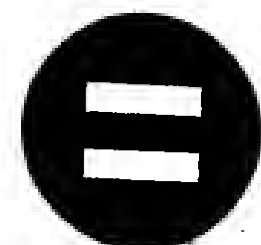
from only \$80 per week

A competitively priced word processing system, backed by the experience and expertise of Computer Consultants Limited who can guarantee DELIVERY NOW. You start saving time and money immediately—not next year.

Contact us NOW!

We don't believe we can sell a word processor in an ad. Your individual business requirements are too specific. Face-to-face we can show you how the CPT can meet all your business needs. Ring us now. Turn the word processing war into an early victory. You will find that the CPT is precisely what you need. The victory will be yours.

Auckland Tel: 798-345, P.O. Box 2633
Palmerston North Tel: 71-654 (72-082 from 1 July), P.O. Box 1324
Wellington Tel: 726-007, P.O. Box 492
Christchurch Tel: 792-274, P.O. Box 22528



Computer Consultants Ltd
=COMPUTERS=BUREAU=WORD PROCESSING=
No. 1 in Word Processing

Marketing

Public TV courts 'prestige' private big business

by Warren Meyne

A STAUNCH advocate of public service control of broadcasting is now singing the praises of private enterprise.

George Andrews, as president of the Television Producers and Directors Association, has consistently spoken against private takeover of the state TV system.

But as producer of TVNZ's biggest project to date, the 10 hour-long episodes of *Landmarks*, scheduled for prime-time Sunday screening from this weekend, Andrews last week was enthusiastic about the financial role played by New Zealand's biggest private conglomerate, Fletcher Challenge Ltd.

Landmarks, geography professor Ken Cumberland's personal history of New Zealand, was filmed on location in this country and in other parts of the world. Above-the-line costs were \$700,000, according to Andrews, and it took three full years to produce—the biggest film documentary assignment so far attempted here.

Andrews acknowledges BBC help in providing a "how to do it" manual drawn from its experience with *Civilisation*, *Ascent of Man*, *America and Life on Earth*, but prefers to dwell on the financial co-production with the private and state sector here.

The Department of Education is listed as a sponsor (for an \$80,000 contribution according to Andrews; nearer \$100,000, according to other sources). But the department gets in return a choice screening time for an educational series and has compiled teachers' and pupils' study kits for each episode, supplied to all intermediate and secondary schools.

As well, TVNZ is repeating the programmes on Friday mornings at 11am for classroom use, and school videotaping—the rescreenings, starting mid-September, alone in part for TVNZ's oversight in kicking off the first two Sunday-night episodes in school holidays and also fill the

daytime slot the BCNZ has earmarked eventually for educational telecasts.

But Andrews sees the Fletcher Challenge tie-in as the big coup—almost on afterthought, because the company was brought into the project late in the piece for an unsolicited contribution (said to be around \$70,000).

Andrews claims a breakthrough here—getting a major business enterprise to put its name (and money) to a project purely for prestige, without any direct commercial rub-off.

Fletcher Challenge gets a fleeting mention on the end-credits, its logo sharing the screen with TVNZ's own. Even though this is on non-commercial Sunday night, in a 7pm timeslot likely to draw peak audiences, it hardly rates as a business return with even a midweek afternoon 30-second commercial spot.

Andrews, however, points to the American PBS educational TV network, which regularly ropes in major multi-national companies to fund its productions solely for "prestige" mentions on the credits.

The producer admits that he deliberately chose FCL for its position as the country's biggest private company... "to encourage the others." He doesn't know specifically where this will lead, but it is known that financially pressed TVNZ is toying with "prestige" sponsorship for other major commitments it cannot afford to fund itself.

One likely project for sponsorship may be the top-rating drama series *Mortimer's Patch*. TVNZ could not find enough money in its drama budget to undertake a third series, but the BCNZ or board level decided to resume production, then abruptly axed these plans.

With *Mortimer's Patch* producer Tom Finlayson resigning and threatening to form his own film company to resume the series independently, an injection of big-business capital would help to save face for the BCNZ.

If TVNZ openly solicits such sponsorship, private investment in the private feature film

industry could suffer. But independent film-makers claim that TVNZ cannot offer prospective investors a significant return on their money, through overseas sales, to compare with feature films now doing well in the international marketplace.

Landmarks, certainly, is unlikely to be a readily saleable commodity outside this country, even though TVNZ's recently reorganised merchandising department under Maurice Smythe is sure to plug it abroad.

It has a strong New Zealand interest-only appeal and would probably sell only to state non-commercial networks overseas, such as Australia's ABC and Canada's CBC. It is most unlikely to secure a sale to commercial outlets in North America, the financial top end of the international TV market.

Andrews defends the series for doing some of the non-commercial things required of TVNZ in the Broadcasting Act and points to the tax write-off that Fletcher Challenge will get for its investment.

He regards the series as a triumph of "exploiting the bureaucracy—getting the involvement from all those grey Government department buildings up on The Terrace."

For the first time Government departments were heavily involved in providing services that trimmed TVNZ's budget.

"All our aerial shots—has any TV producer before been given a Friendship with a door open to get this type of footage? Civil Aviation let us use their Friendship on calibration flights."

Similar logistic support was provided by the Ministry of Agriculture and Fisheries, Forest Service, Lands and

Survey and Foreign Affairs, which made arrangements for the overseas location shooting, said Andrews.

And, the New Zealand Symphony Orchestra, a \$2 million a year drain on BCNZ finances, for the first time was pressed into service performing the first full orchestral musical score mounted in this country for a TV series.

The other major commercial tie-in was with the *Readers Digest*, which is launching a tie-in coffee table book based on Cumberland's original essays for the series. *Readers Digest* expects to sell up to 70,000 copies in the book, scheduled to retail around \$40, based on the sales success of tie-in books with similar BBC blockbuster series.

But there are understood to have been problems. For one thing, TVNZ did not make arrangements for colour stills to

be taken during location filming and had to employ a researcher, specially and belatedly, for some nine months to dig up illustrations for the book.

According to some reports there have been editing problems and *Readers Digest* is said to be worried about the marketability of a glossy volume that goes over much the same ground as Hamlyn's *New Zealand Heritage*.

These problems aside, Andrews sees the *Landmarks* exercise most importantly as a morale-booster for TVNZ in its "winter of discontent".

"After all the upheavals and turmoil of the restructuring of TV last year and now going into the strains of an election campaign, not to mention the Springbok tour and its money troubles, TVNZ badly needs a major prestige series like this to restore its own image."

But there are understood to have been problems. For one thing, TVNZ did not make arrangements for colour stills to

With our simplified rates there's no possibility of paying for kilometres you don't drive

Working away from home is a big enough price to pay without paying rental car rates that are not all that meet the eye.

With Avis you know exactly where you are, because we've simplified our rates so that when you rent from us you only pay one daily charge plus a set amount per kilometre.

We know that the majority of our business customers only drive a certain amount of kilometres a day which means that with Avis, there's no possibility of paying for kilometres you never drive.

And for the businessman who requires a car for five days or more and intends driving large distances, we offer our simplified Unlimited Kilometre Rates.

Some rental car companies charge drop off fees for one way hire. Others have add-on charges for minimum hires. And still others are so complicated, you're confused by the restrictions before you start.

Not if you rent from Avis.

We're New Zealand's largest and most experienced rental car company.

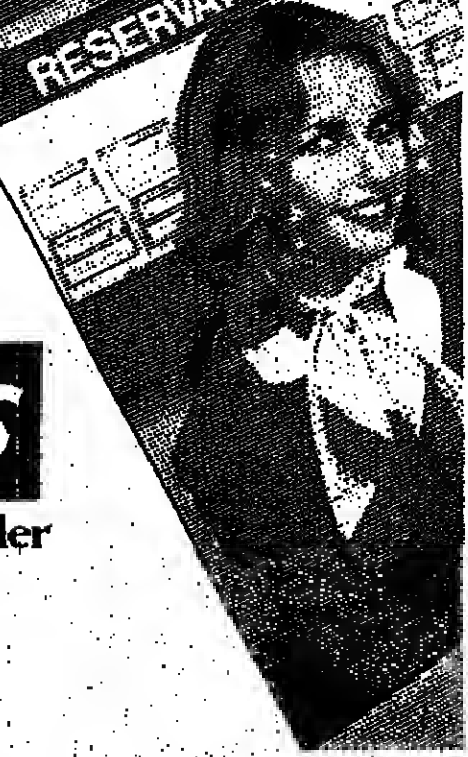
That's why more people by far hire an Avis Rent A Car.



AVIS
We try harder

With our new
Simplified Rates
you'll always know
exactly where you are

RESERVATIONS



A place surely for 'boutique' amateur winemakers

by Frank Thorpy

"STUBBORN soil on a steep slope yields wines of great intensity of flavour" is the headline on an article in the *New York Times* discussing Sterling Wines, of California, commitment to making superior wines.

Sterling, which owns or manages 520 acres of vineyards in the Napa Valley, has brought into production 120 acres of the steepest piece of property with vines in the Napa region.

"A vineyard like this is partly what turns out a \$20 bottle of Cabernet," says Michael Stone, president of Sterling Wines, which owns the Diamond Mountain Ranch vineyard.

Last year, he noted, the ranch's 120 acres produced 30 tons of grapes, a yield of a quarter of a ton acre compared

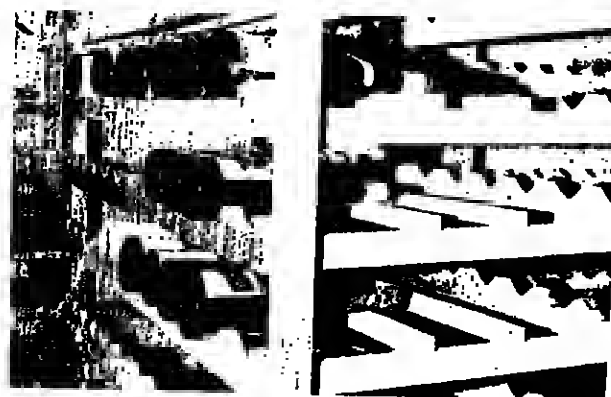
with three or four tons acre that valley vineyards produce.

The yield is down and costs are up — it will take eight or nine years to get into full production versus, say, four years or so in the valley.

It is all part of an effort to achieve additional nuances and complexities that add to the style and quality of wine, an effort that Sterling has undertaken at great cost. Many doubted whether it could be a success.

Sterling wines are now among the most consistent premium wines produced in California, but this mountain effort is to endeavour to add something special to the wines.

"The purpose for us is to get diversity for the cuvee — flavour intensity. Grapes of high quality are the logical foundation for the finest



wines," says Sergio Travasso, the winemaker.

A decision has been made to concentrate on four varietal wines only — cabernet sauvignon, merlot, chardonnay and sauvignon blanc.

The cabernet sauvignon reserve, first produced in 1973, is a rich and intensively

flavoured wine containing 12 to 15 per cent merlot to soften the austerity of the cabernet. It is a prize-winner much sought after by connoisseurs.

In 1980, Sterling produced a sauvignon blanc reserve that contained 25 per cent of semillon grapes. It is full-bodied, complex and slightly

creamy on the palate with a crisp long finish and is rich and has more character than most other wines produced in California from the same grapes.

These musings about Sterling are prompted by thoughts that the latest New Zealand vineyard survey would tend to indicate that the era of rapid vineyard development for the big wine companies is practically over. This is reinforced by a top executive of Montana telling Gishorne grape growers that it is becoming increasingly difficult to maintain a growth pattern and the company was looking at areas of diversification.

Also, the president of the Wine Institute is advising grape growers not to plant any more unless they have a firm contract from a wine company.

This surplus of grapes situation has been endemic in Australia and California for some years. It has not prevented enthusiastic amateurs, mostly professional people such as doctors, from starting up their own boutique vineyards, dedicated to turning out first, the best possible wine they can, and after that, hopefully a profit.

These amateurs have restored Victoria into what it once was — one of the great fine wine producing areas of Australia.

A bunch of doctors and others with the aid of some of the most professional advice in the world are making first-class wine in the Margaret River area of Western Australia hundreds of miles from their nearest market at Perth. Already many eastern state connoisseurs are turning their eyes to that remote part of Australia.

In California there are dozens of enthusiasts, admittedly some of them with a lot of money, turning out first-class wines which have the connoisseurs beating a path to their wineries. In both California and Australia, the new "boutique" wineries have sprung into being in a matter of a few years, assisted by the accumulated knowledge of centuries, readily available in the world's literature on wine.

It is rather puzzling that many local supporters of our industry stress it is a "new" industry requiring decades of experimentation to find the right grapes, soil and so on. No such inhibitions seem to exist in

Australia, California and other parts of the wine producing world where new ventures are starting up and turning out good wine in a matter of a few years.

At this stage of development in the local wine industry, it is perhaps not reasonable to expect the big public companies to devote part of their efforts to making really fine wine. They have a commitment to their shareholders to produce profits and they are not geared for anything else.

But surely in this country of do-it-yourself enthusiasts there are some people willing to put time and money into producing the undeniably fine wines of which this country is capable.

Wealthy farmers would perhaps be the best to because they have the land, the most expensive part of any investment in a winery project.

To produce really fine wine the grapes would need the right environment. The best areas have been pinpointed — selected areas of Hawke Bay, parts of the Manawatu and Wairarapa, the Wairarapa Plains and the Wairarapa and Awatere valleys of Marlborough. To these might be added some parts of Nelson and some micro-climate among the foothills of North Canterbury.

"Great wine cannot be made without discipline, passion, and love," declared Baron Philippe de Rothschild on his visit to winery in New Zealand some years ago.

From where will come the dedicated enthusiasts who will make out great wine? Perhaps not from members of the Wine Institute, who this month rejected Cariban's proposal that all wine in New Zealand should contain at least 95 per cent of grape juice.

Perhaps accountants and lawyers shouldn't complain too loudly — their fees can mount up ominously while they untangle bright, but poorly researched, ideas for saving income tax.

The rules are changing all the time, and are heavily influenced by decisions made in Australia. The Australians tend to be far more enterprising... or far less principled?... than New Zealanders, and have pioneered foreign "tax haven" schemes which bring a glint to the eye of the businessman, a shudder to his accountant, and a groan to the Inland Revenue Department about "one more hole to plug".

The tax haven schemes operate for import and export transactions with exports going to the tax haven at a reduced price before being invoiced on to the real customer at the full price. Imports are brought in through the tax haven and invoiced on to the buyer at an inflated price.

Both schemes result in a build-up of funds in the tax haven and these can then be lent to the true owner back in his own country, when the situation can be further improved by the payment of interest on the loan.

These schemes, or variations of them, have been well documented in the tax avoidance textbooks and will

Two things are certain — taxes and more taxes

by David Underwood

TAX avoidance is a major growth industry. Thousands of ordinary wage-earners, let alone businessmen, are beginning to be a track to their accountants' doors pleading: "How can I save money on my income tax?"

The average wage is now around \$11,000 — and a marginal tax rate of 48 cents begins to operate at the slightly higher level of \$12,601. Between \$17,600 and \$22,000 the rate jumps to 55 cents, and then to 60 cents for the remainder of any individual's taxable income.

At these rates, inflation will soon make super-tax-payers of us all!

Not only has tax avoidance become a major growth industry, it has also become something of a glamour stock in the minds of many businessmen.

The line between legal tax avoidance, and illegal tax evasion, is a narrow one — and the chasm on the wrong side of that line contains the skeletons of many a promising business.

In strictly legal terms, remember this: to be successful in a battle of wits with the commissioner of taxes, any proposed transaction must be a real one, capable of realistic commercial explanation. A good many friends among my accounting colleagues can tell some hair-raising tales of clients who insisted on pumping out dubious tax-avoidance handwagons — and discovered, too late, that schemes which are declared invalid for income tax purposes can often remain binding contracts between the parties.

In other words, a businessman who thinks he is signing up for a tax-free "perk" may find that he is later forced to (a) pay the taxes anyway and (b) continue to supply the goods or services originally contracted for, at the "tax free" price.

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These schemes, or variations of them, have been well documented in the tax avoidance textbooks and will

make interesting reading in the court reports when they are caught up with.

Large sums would need to be involved to make these transactions worthwhile and you would probably have little comeback on any nominee in the tax haven who was tempted to help him or herself to some of your ill-gotten gains.

The practice apparently is causing problems because some of the Australian businesses are now up for sale and the balance sheets are full of phoney liabilities.

Buyers are naturally more suspicious than usual under these circumstances; this must

This article was specially written for National Business Review by David Underwood, a member of the taxation committee of the New Zealand Society of Accountants. Underwood — and, from time to time, other nominees of the Society of Accountants — will provide a regular column for the advice of NBR readers.

The society has undertaken to have its experts examine any query by readers of matters raised in these columns.

remotely against the operators of these schemes as the values of the businesses diminish and the possible tax-free capital gains disappear. I am not aware of this practice being operated in New Zealand — yet.

In Australia, the current tax rates are 32 cents in the dollar between \$4042 and \$17,739

and the between \$17,740 and \$34,178 with 60c after \$34,179.

With tax rates such as these, combined with Australia's climate, cheap wine, and vast mineral resources, it is no wonder the other side of the Tasman looks appealing to many New Zealanders.

But, back to New Zealand and its winter of discontent. In spite of all our difficulties, fortunes fluctuate and even increase, so there is good reason to stop every now and then to review one's personal and family financial position and to consider any desirable changes.

Matters to be reviewed include the ownership of specific assets, the possible formation of a company, the question of personal liability, the ability to spread income, retirement prospects, superannuation, insurance, and of course taxation.

Assets and liabilities should be kept carefully scheduled and valued so that they can be

discussed with your accountant who should be given a copy well in advance of the time of review.

If the review results in a decision to make changes, and if the end result is a saving of income tax, then this should be acceptable to the commissioner and the courts providing you are able to demonstrate that the tax saving was an incidental benefit and not the main purpose of the exercise.

Good luck — and do give your accountant time to review the facts well in advance. He will call in any other professional advisers who may need to be consulted before making any moves.

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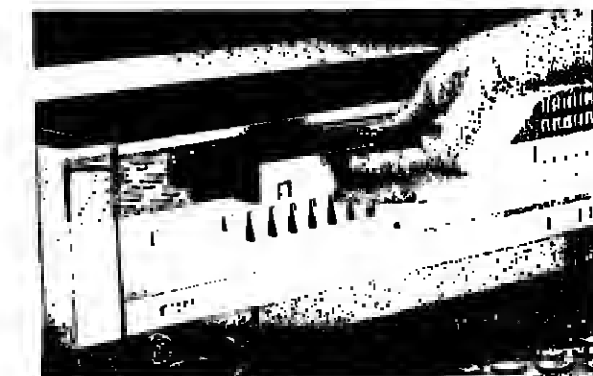
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Social Credit: is it really the golden rainbow?

THE entire Social Credit movement stems from the teachings of one man, Major Clifford Hugh Douglas (1878-1952), an Anglo-Scottish engineer.

While at the Royal Aircraft Works at Farnborough during World War I he became aware of a fact which was to trigger his imagination, and which generated in his mind the concept of a fresh source of credit money for the benefit of all citizens.

The world calamities of war and depression were very much in the public mind at that time. War expended huge quantities of materials, and obtaining money to pay for these seemed to be no great problem.

Depression, on the other hand, caused millions of people to have not enough money to buy the things needed for a decent living standard. In short, there was no shortage of people who were ready to believe that there was something out of kilter with the money system.

At the same time, the debate between left and right, the capitalists and socialists, was reaching new heights in tension and action. It seemed to many that it really did not matter whether industry was controlled by owners or by committees of workers, as either would use the old money system. In that respect there was no difference between Labour and Conservative.

The Douglas ideas of changing the money system had appeal to those who were ready to believe that the prevailing system was inadequate or worse.

Groups of supporters formed in England, Australia, Canada and New Zealand.

These days the ideas of Major Douglas seem to have no importance in Australia or England. In those Canadian

provinces where Social Credit governments were elected, his ideas were never implemented.

The movement in New Zealand lingered on in a small way until the mid-1950s, since when the Socialists have attracted interest from the public, probably because of growing disquiet about management of the economy by both National and Labour.

Is there anything in what Social Credit is saying about finances? Is the Major Douglas premise also the premise of the Socialists? If so, what is that premise and what are its implications should a Social Credit government be elected? If it is not, then what is it that the Socialists are saying? These are the questions needing answers.

Alternatively, have the Socialists, once four-square Douglas Crediters, and proud of it, decided to retain the name "Social Credit" because of the historical origins of the party, and to govern in conventional ways with traditional financial methods if elected, in much the same way as their Canadian counterparts govern?

It will become clear that the Socialists are undoubtedly Douglas Crediters, with implicit faith in the teachings of the major.

The gap

The fact that Major Douglas became aware of at Farnborough during World War I, and which triggered in his imagination the concept which became the foundation premise of his theories, is here related from his own words in an address given to the Canadian Club and reported in Ottawa by *The Citizen* on April 25, 1923:

"... he (Major Douglas) was

The Social Credit Political League asks the public of New Zealand to elect its candidates to Parliament. The party has a comprehensive raft of policies similar to those of other parties except in matters of finance. It is these which sharply distinguish Social Credit from other parties. Its promises are entangling.

W E Christie, not being a convinced supporter of either Labour or National, wanted to gain a clear understanding of Social Credit policies, particularly the monetary ones. It soon became apparent that Social Credit ideas had to be traced to their origins before progress in understanding could be made.

It is with the intention of offering to others the results of the writer's studies of Social Credit's policies and theories that the following series of articles is put together.

sent down to Farnborough to the Royal Aircraft Works in connection with a certain amount of muddle into which that institution had got. . . . After some weeks he had found that the only way in which he would do anything was to go very carefully into the costing. . . . one day it struck him . . . that the wages and salaries did not represent at the weekend

the value or the price of those goods produced.

"You say anybody would know that, and I suppose they would," said the Major. But it followed to him if that were true, then it was also true in every factory in every week at the same time. Therefore it was true that the amount of purchasing power or wages or salaries during that week was

not sufficient to buy the product according to the price that week."

That quotation (and the Page 29 sketches) illustrate the "gap" which is the main concept on which Douglas or Social Credit theory is built.

"The primary cause of the world's troubles is the fact that the aggregate of prices is always greater than the aggregate of incomes." — Page 35, *An Outline of Social Credit* by H M M. Forward by Major C H Douglas, Douglas Credit Movement of Victoria, c1924.

"The first consideration will be to see that the amount of money in circulation equals the total prices of goods and services for sale. . . ." — Page 10 *What Is Social Credit?* by Garry Clunie, Paraparaumu, 1963.

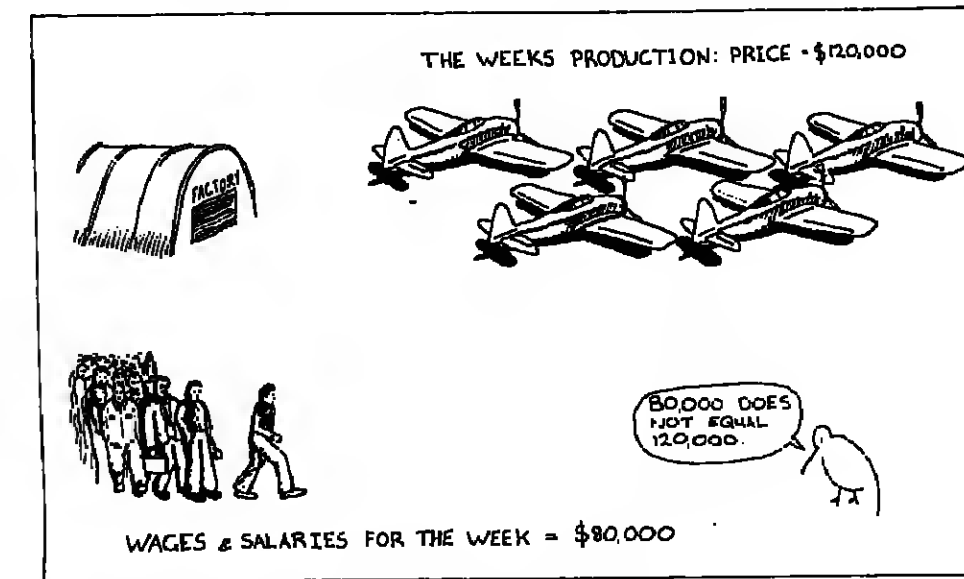
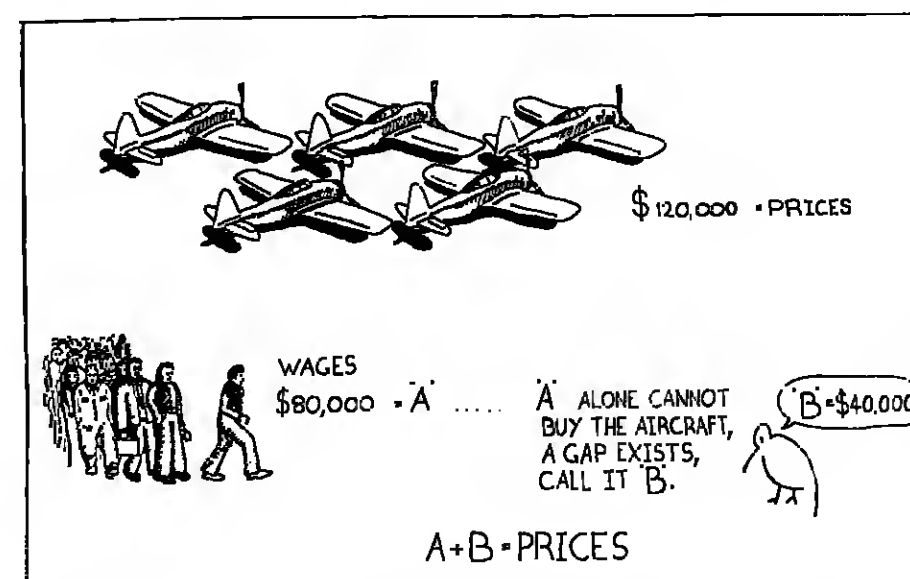
"The New Zealand Credit Authority will be responsible to Parliament to which it will pre-

sent an annual balance sheet. The balance sheet will show New Zealand's money supply, to whom it has been advanced and will acknowledge that equilibrium has been maintained between total incomes and the value of goods and services produced." — *Cause & Cure*, written for the New Zealand Social Credit League by L W Hunter, Finance spokesman, 1977.

"In the first year of a Social Credit Government total incomes will be brought into balance with total prices." — *Cause & Cure*, 1977.

"The New Zealand Credit Authority will ensure that the incomes of the people equate with the value of goods and services available for consumption." — Page 26 *Social Credit '78 Election Manifesto*.

"That purchasing power shall equate with retail prices"



— *What Is Social Credit?* by Cecil W Elvidge, 1954. Reprinted 1955, revised 1977. Revised by the publication committee, NZ Social Credit Political League, 1981.

Page six of *What Is Social Credit?* includes a direct quote from Major Douglas: "It is not too much to say that there is no single cause operating in the world today which is of such

primary importance and is so fraught with the possibility of world disaster as is the disparity between purchasing power and prices." Major Douglas expressed his

verbal description of the "gap" as a simple equation. The "wages and salaries" of the week became "A", the "gap" between "A" and prices for the week became "B". The equa-

tion became known as the A plus B theorem.

Controversy about the A+B theorem continues to this day. Some of the followers of Major Douglas believed literally that beyond what people had the money in hand, production was piling up and up, an illusion not difficult to believe by people desperately short of money during a depression.

Some who thought that a piling up of production was obviously not the case considered that "surplus" production must exist in the form of non-consumables such as buildings, or somehow was disposed of in exports.

Douglas himself concluded that the banking system was implicated:

"... a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A. . . . The B payments may be considered in the light of the payments of a bank loan by all the concerns to whom they are made, with the result involved in the relationship . . . between bank deposits and bank loans." — Pages 106-108 *The Monopoly of Credit* by C H Douglas. (Facts and Fallacies of Douglas Credit, Copland.)

Accusations against the banking system have been levelled by Social Crediters, including New Zealand Socials, ever since. The charge is a serious

one, because it implies that bankers derive a wealth advantage which rightly belongs to the public. Whether the charge is true or false is of the utmost importance to the validity of the entire fabric of financial largesse promised by Social Crediters.

The banks, Socials say, must be creating the money to equate with the B component of production, and are making profit by so doing. The banks are charging interest on the loans, which in itself is inflationary, and this money they are creating is created out of nothing.

Every time they make a loan it is just a book entry. This is the people's credit they are usurping. Let the people's credit be returned to the people. We'll do just that when we are elected as the government, and we'll set up the New Zealand Credit Authority which will be: "The only institution to create, issue and cancel New Zealand money." — Page 26, *Social Credit '78 Manifesto*.

Thus, the New Zealand Credit Authority, based on the Douglas theory that a "gap" being the people's "credit" exists between purchasing power and prices, and that this "gap" or people's credit should be returned to the people, is the hub of the Socials' political programme.

Next week: the validity of the theory.

Motor industry

Canadians seek curb on Japanese exports

CANADIANS are seeking a Japanese agreement to limit car exports, similar to one obtained by the United States. But West Germany says it will oppose any move by the European Economic Community to place further limits on Japanese car sales in those countries.

Canadian officials are reported to be concerned that Japanese car exports diverted from the United States could end up in Canada, which last year imported about 158,000 vehicles from Japan.

The United States has obtained an agreement from the Japanese, cutting back their 1981 auto shipments to the United States from last year's 1.82 million to 1.68 million.

In Bonn, a West German Economics Ministry spokesman was quoted as saying Japan must not use Germany as an alternative market for cars it would otherwise have sold in the United States.

"Such an attempt would increase pressure on the German Government to adopt protectionist measures," the spokesman said.

But he said he believed Japan understood the possible repercussions of an unrestricted export drive in Europe, and Bonn would continue in its opposition to any EEC moves to limit Japanese car imports.

The Bonn spokesman noted that Japanese car exports to France, Italy and Britain were already restricted. He said this left Germany and the Benelux countries as the only European Economic Community markets still totally open to Japanese auto exports.

Germany is viewed as the most important outlet in Europe for Japanese car manufacturers. Japanese car sales there last year rose 70 per cent to 252,000, representing 10.4 per cent of the German car market.

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Government administration

Red tape may throttle rock lobster industry

From Page 1

One Bluff processor said last week that buyers in the United States were prepared to come to New Zealand to tell the authorities that there was nothing wrong with the quality.

An Agriculture and Fisheries official agreed with this last week.

Meat division director John McNab told *NBR* there was "not really" a need to meet the regulations on quality grounds because "in general" the American buyers were satisfied.

The department's concern appears, rather, to centre on the fact that on-board freezing standards have been written into a fishermen's code of practice since 1971 and were formalised in the regulations five years ago.

"We think they've had plenty of time to do it (comply with the standards)," said McNab.

The final decision to require that fish caught at sea be frozen to minus 18deg celcius and maintained at that temperature rests with Fisheries Minister Duncan MacIntyre.

A spokesman for the Minister said the question of meeting the October 1 deadline rested with the backlog of legislation before Parliament. Implementation would depend on "wheels turning in the House".

While the wheels turn, the rock lobster industry in the southern fisheries zone, which includes Milford, Bluff and Stewart Island, is becoming increasingly incensed at the proposal.

Last week, a public meeting was held on Stewart Island to consider action that might prevent or at least delay implementation of the freezing standards. The islanders decided to write to Ombudsman George Laking

about the threat they see to their livelihood.

They have decided to ignore a request to survey the local industry to determine the number of vessels out of the 60-odd sailing from Half Moon Bay which would head upgrading to comply with the regulations if they become enforceable.

Stewart Island Fishermen's Association president Gary Neave told *NBR* the meeting decided that compliance with the survey request was "not the approach to take."

"We decided that would actually be admitting what faults, if any, we have," said Neave.

His association invited an official from McNab's meat division within MAF to visit the island last year to see the problems and conditions the fishermen face.

"He didn't come then and the invitation still stands. We have had no reaction at all from MAF," said Neave.

Bluff fishermen threatened by the regulations have surveyed the fleet registered at the port.

Of 56 boats with freezer facilities, 47 would not comply with the regulations, according to processor Ian Leask, who works with the packing firm Johnson & de Rijk Packing Ltd. Leask is an executive committee member of the New Zealand Seafood Processors' and Exporters' Association.

He said the average cost to upgrade the boats to meet the -18C standard had been estimated between \$7000 and \$8000. Total cost to these boats, then, could be as high as \$375,000.

But he pointed out other costs. The regulations demand that the fish, once frozen, must be maintained in that deep-frozen state. With boats that run freezers off their main engines, the added fuel cost for keeping the engines firing 24

hours a day would be prohibitive.

Many of the boats fish deep into the "Roaring Forties", up to 16 hours steaming from their home ports. It would be impossible to return their catch to the shore-based packing houses on a daily basis.

Said Leask: "The running costs alone (24 hours a day diesel use) would put most of us (fishermen and, subsequently, packing houses) out of business."

And if the October 1 deadline were met, the backlog of boats waiting to be re-equipped could take up to 12 months to clear; boats at the bottom of the waiting list would have to be put into mothballs until the work was completed.

On the west coast, boats fishing out of Milford face an even greater difficulty. With no packing houses along the rugged Fiordland coastline, holding depots are used to house catches until they can be transferred to the main centres.

Not only do they face compliance on board their vessels, but the depots themselves may need to be upgraded to meet the -18C standard.

McNab told *NBR* he found it "quite strange" that the fishermen in the southern zone were voicing concern about the regulations.

"They've had five years to do it and it's the same provision that's been in the code of practice since 1971," he said.

"Because these guys won't do it (meet the standard), it seems to me it's about time we go to the next step (enforcement)."

He said that no enforcement action could be taken until the Minister decided to implement the standards.

"And there's been no commitment by the Minister yet."

McNab described the October 1 deadline as "a bit of a kite, if you like."

Overseas trade

'Image' marketing key to American sales for NZ, says expert.

by Ann Taylor

EXPLOITING Americans desire for "quality of life" exporters should move in with premium, high "image" products. A campaign "based on premium products to attract part of the smorgasboard that is the American market" is one way in according to Dr Larry Rosenberg, associate professor of marketing at the University of Massachusetts.

"There is not a very positive, excuse me, clear image of New Zealand," said Rosenberg, who was here at the invitation of Otago University's marketing department where he lectured before coming north to talk to the Institute of Management and private groups.

The American market is "not just a disposal one," he said. "You've got to do your research, meet people, find a different style of operating, and it's American not British."

Americans know that New Zealand is a small country and that it is far away. That produces concern about delivery,

and at the right time, whether the product is good or not.

America, with its billion dollar shopping bill, has 50 metropolitan areas compared with our four. With such a large market and range of products there is trouble with limited production runs. Rosenberg asks: "where is the commitment from a Kiwi travelling that distance to sell a product that they cannot supply in quantity? It reflects negatively on that business and has a splinter effect on all other New Zealanders."

To illustrate the nature of the American market Rosenberg gave the example of honey. Here "honey" is generic, sold in containers and the labels usually have been buzzing around on them. In the United States honey is sold in glass, it has to pour and Americans like to see flowers, without the bees, on the label.

"Honey is an image, not a staple," he said.

Wool products could also capitalise on the return to basics feeling but "you've got to get above the noise level and

you have to advertise... or be resourceful and get a good public relations programme going."

He heard people here express alarm at the cost of advertising but said "if you don't want to spend \$3 million in a year — then spread it, \$500,000 over six years."

The innovative flair of New Zealanders can get lost in international markets "where there are a lot of barracudas," Rosenberg said, pointing to Delta Plastics' difficulties in establishing its patent rights on animal ear tags. "When you've got a good product it worries competitors and they're going to get tougher."

Rosenberg, in the two weeks he was here, identified a soul-searching in this country. "Even an international outlook — it's one way to build an image. It's a kind of questioning and maturity that is basically healthy. You do have options now that you've emerged from the sheltered, convenience trade with the United Kingdom."

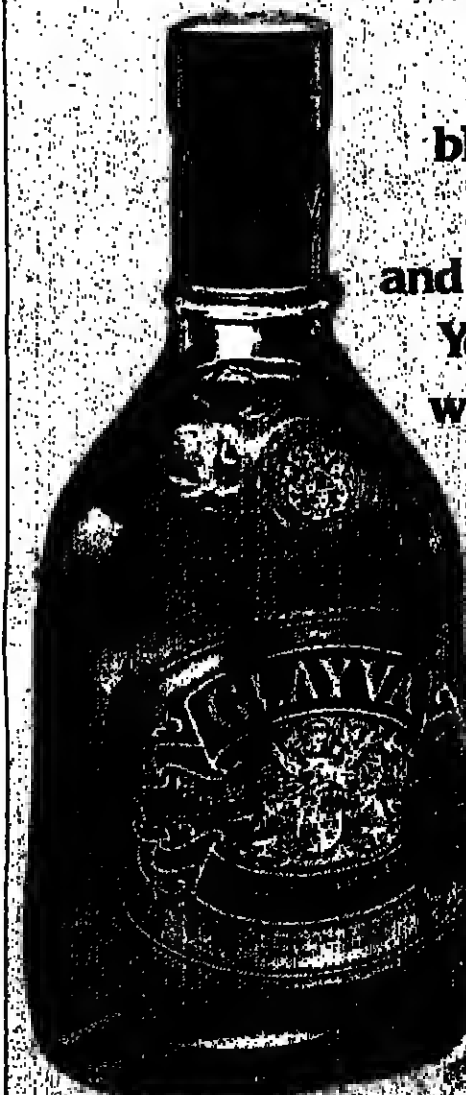


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Glimpse of Bill Rowling's past... aged 20, with his parents in Christchurch, and in 1962, with Walter Nash and Stan Whitehead's help to win the Buller by-election.

Nearly the real Bill Rowling?

by Colin James

IT is not often that Bill Rowling upstages Robert Muldoon. But a few months back, when Muldoon went down to Nelson to publicise his third

autobiography to booksellers it was a promotion for a book on Rowling that stole the limelight. "Promotion" is the right word for both books.

My Ifay, like its predecessors, is an unashamedly biased account of the most decent, farsighted, wise and balanced leader in the history of the country.

Its shambolic and rambling presentation does not invite a casual reader to peruse.

But for the lover of politics Ifay is crammed with material for insights into Muldoon's psychology and style. Psycho-politics is a relatively new art form. It studies the psychology of politicians from publicly available evidence, particularly their speeches and writings.

In these days of increasing obsession with personalities, particularly in the United States, with its concentration on apparent power in the hands of the President — psychopolitics is catching on as a tool for understanding policy formation.

In Muldoon's case it has become a minor national sport. He is a riveting character.

Bill Rowling is unrivalling. It takes time and effort to get more than a blurred image of him.

So one of New Zealand's pioneers in psycho-politics, former Canterbury University lecturer, John Henderson, publishes this week *Rowling: The Man and the Myth*.

Henderson is head of the position research unit in Parliament which he candidly tells in the preface, "will inevitably raise questions about the book's objectivity."

The gentle, sympathetic tone of the book may reinforce these doubts. Scarcely is heard a discouraging word.

The criticisms of Rowling are not fully analysed or scrutinised. There is — appropriately in a book about personality — no full assessment of his political actions.

So is Rowling just election-year blarney? And, if so, what someone with an academic reputation doing getting himself involved in it?

The answer to the first question is a qualified no. Once one gets past the coffee-table dramatics and writing devices injected into the book's format (a more formally academic study may yet follow at a decent distance), the predominant tone is low-key presentation of information and argument — rather like the man himself.

Rowling is a man of apparent paradoxes.

There is still a widespread yearning within the Labour Party for a more publicly appealing leader. But there is also a genuine widespread wariness for the man and respect for his quietly determined style.

The response to last December's coup attempt was swift, broad-based and emotional support.

He is supposed by the public not to be a "strong" leader. Yet his leadership survived the 1975 defeat and, as Henderson says, "weak" leaders do not survive electoral defeat.

He survived a second defeat in 1978. He survived a determined challenge by "all-out" willful opponents last year. "A leader cannot remain at the top of a restless party of change by being weak," says Henderson.

So Rowling sets out to unravel the apparent contradiction. And goes well down the track towards succeeding.

It tells of an early life of hard graft, taciturn, fatherly remoteness — in a subsequent love of small towns, rural isolation, living and the absence of close confidence outside the family.

It tells of a dogged scholar. It tells of a dogged scholar.

Clever Sue — providing her timing works out right

by Colin James

ONE National candidate may be embarrassed if there is a snap election. Sue Wood, candidate for Onehunga, might well go over the three-month spending limit.

Wood took to the television screens last week to push her campaign along — and provoked an upstaged Labour president Jim Anderson into an indignant attack that only helped.

Wood's ad was the brainchild of her campaign manager, Murray McCully, 28-year-old partner in the Mr Eden public relations firm of Allen Fenwick.

McCully is one of the liveliest of a younger generation of Auckland National Party officials. A current dominion councillor and former Young Nationals chairman, he was candidate in Auckland Central in 1975 and publicity officer at headquarters in 1978.

He is running an energetic and imaginative campaign in Onehunga, drawing in young people from all over the isthmus to help. National thinks it has a chance with local girl Wood in a seat that is slowly shifting Nationalwards in character.

The 30-second ad has Wood intoning, over scenes of her at a meeting, her determination to represent the concerns of Onehungans in Parliament. It tells voters that sometime in the next few weeks they will be invited to one of her "neighbourhood meetings" to tell her what their concerns are.

Her ad is not the first on television. National's Valhurst candidate, Margaret Murray, had some spots in

Christchurch some weeks back.

But, according to those who have seen both, Wood's is more sophisticated. To someone not steeped in bureaucratic definitional nuances it looks like hard sell of her name and face.

"Political" ads are banned on television under the broadcast regulations. But candidates are allowed to advertise dates and places of their meetings and frequently do over radio.

Wood's ad just comes within

Television New Zealand's definition of "information", not promotion.

Murray's ad caused a local flurry but escaped national attention. Wood's attracted a full blast from Jim Anderson, whose party does not have the money to splash on television ads, which are not cheap — especially not done the professional McCully way.

Anderson complained that if all candidates started doing what Wood was doing, there

would be no time on television for anything else.

He even went on local television news in Auckland to make his point — and thereby drew far more attention to the ad than Wood and McCully had hoped for. The ad was aired on the prime time news programme.

But was McCully too smart? The whole production was conceived, financed and executed within the Onehunga electorate. National head-

quarters was informed after the event.

In the meantime Prime Minister Robert Muldoon had been touting the idea of a snap election.

The Electoral Act bars the spending of more than \$4000 by any candidate and his/her campaign organisation. Though McCully won't divulge the cost of the ad, its production and screening costs would push close to and maybe top the limit. A 30-second spot

costs between \$125 and \$800 in Auckland, depending on the time of day.

If the election is held on November 28, as has been planned, August screenings fall outside the three-month limit.

But a September or October election would drag the ads into the net.

One more factor for Muldoon, a professed admirer of Wood and supporter of her getting into Parliament, to consider.

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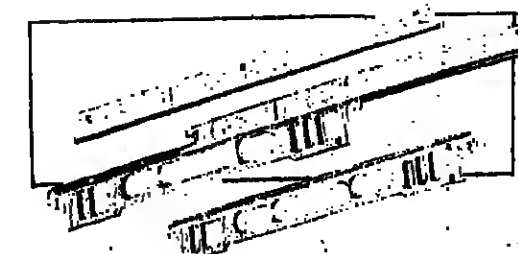


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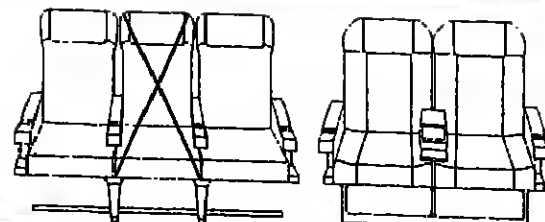
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MACH 66B

Continued Page 33

Smooth ride so far for new Railways legislation

by Bob Stott

WHAT a non-event the Railways Corporation Bill has turned out to be. Since it saw the light of day on July 30, there have been routine news media reports noting the fact and a few comments noting that we'll still have a Minister of Railways.

The first reading debate was short, lacking in heat or indeed any other quality, there's been a near-nil response from Railways unions and nothing much from what one might presume are interested parties — farmers, manufacturers, businessmen, road carriers.

There will be those who will argue that the reason for the muted response is that the bill does little more than change the name of the Railways Department, and impose a seven-man board on an existing hierarchy. Yet a bill which achieves nothing might be expected to attract criticism just for that reason.

Perhaps the reason for the lack of comment is that so many people have in the past expressed themselves in favour of a railways corporation — virtually all user groups, plus all three political parties, plus other transport operators have all publicly stated that they favour a corporation.

The only objectors to the idea have been the railway unions, and the bill makes it clear that from an employee's point of view all it really does is to change the name of their employer. A great deal of the bill, in fact, contains clauses relating to conditions of employment lifted directly from the Railways Act.

Because there has been so little discussion on the bill, it is still appropriate to run over the main points of the 104-page document.

An interesting aspect is the status of the new corporation. Firstly, a Minister of Railways will be retained. The new corporation "shall be an instrument of the executive government of New Zealand," it will be a body corporate with perpetual succession and a common seal, it shall be capable of suing and being sued, and the Registrar of Companies will protect its corporate title.

From this, it can be seen that here is a curious creature. Like the present Railways Department the new body will be an "instrument of the executive government", yet it can be sued, like a regular corporation.

The reason for this near contradiction of terms is that as long as the corporation is such an "instrument" it retains the privileges of a Government department in matters such as immunity from the by-laws of local government.

The "sue and be sued" aspect seems to be an attempt to give the corporation as much of a separate identity as possible without losing the department status advantages which it currently enjoys. And in practical terms, it would hardly be feasible to insist that every station and facility nationwide must comply with differing local by-laws as soon as possible after April 1, when the new corporation is due to come into being.

The corporation may alter, cease, withdraw from, reduce, increase or expand any service — but it shall not cease, or withdraw from or considerably reduce any substantial service

without first obtaining the approval of the Minister.

The corporation shall comply with any directions from the Minister in respect of the provision or curtailment of any passenger services.

No corporation railway line open for traffic shall be closed without the Minister's approval, and no substantial new activity shall be undertaken without the approval of the Minister.

These clauses make it clear

decision to the Minister for endorsement, or he could strike out on his own.

Some sorting out will be necessary in these areas.

The bill makes it clear that all donations are gratefully received — the corporation may enter into arrangements "with the Crown and agreements with any local authority or any person whatsoever" in respect of financial contributions towards the cost of carrying on

ing the loans which have crippled Railways finances for some years now. Railways got into debt badly by the mid-1970s after two successive governments had imposed freezes on railway rates and charges. NZR was forced to borrow to keep going, and forced to pay interest now around \$30 million a year on that money.

Regarding capital works expenditure the bill requires the corporation to produce each

be paid for social services.

The Bill has a section dealing with safety. Up till now safety has not been written into the Railways Act in this form, as it is dealt with inside the department. But with the new bill, the Act will itself cover this. Thus established procedures governing safety of operations are to be written into legislation.

When the bill was up for its first reading Associate Railways Minister Aussie

These must be seen as positive gains, as steps in the right direction.

Down-to-earth aerodynamics

AIRCRAFT design is likely to play an increasing part in cutting the fuel consumption of everyday trucks, vans and lorries. Already, in Britain, aerodynamicists have been called in to advise on the shape of tomorrow's vehicle fleets.

A third of the running time available on the largest wind tunnel at the College of Aeronautics, at Cranfield in Britain, is now employed on vehicle aerodynamics and construction are already taking in terms more commonly associated with aircraft design: flaps, deflectors, fairings and vanes.

Experts in Britain's Transport and Road Research Laboratory estimate a modest fuel saving of 10 per cent for goods vehicles achieved through improved "streamlining" could cut Britain's fuel requirements by 300,000 tons a year.

British Leyland's truck and bus division engaged the College of Aeronautics to determine practical ways to improve aerodynamic qualities of more than 60 single truck models checked in the wind tunnel. The investigation showed that important reductions in drag could be achieved by modest changes in the design of the front and edge areas.

Some of the drag reductions were by up to 30 per cent.

Payment — on the spot

NEW Zealanders who like nothing more than to stand on one of the observation decks at Wellington, Christchurch or Auckland airports watching take-offs and landings should count their blessings. They can still watch aircraft movements for nothing.

Not so in Britain. There, aircraft spotters, as they are called, have to pay for their innocent hobby. Nearly 500,000 aircraft "spotters" visited London's secondary airport at Gatwick last year to pay just over \$228,300 to indulge their hobby.

And now "spotting" has been increased from 46 cents to just on \$1.03 a visit and year-round season tickets have been introduced for \$22.85 each.

Some time ago efforts to levy a charge on spotters using Auckland Airport's observation deck met with such public opposition that they had to be discontinued. A similar fiasco befell a move to extract a toll from the lavatories at Christchurch Airport.

The setting of their rates govern what road transport can charge, and coastal shipping too. The railway is a force in directing development even today. Should a board of seven be given wide powers to run this huge transport system with few effective controls by the people?

On the other hand, the Bill will give Railways more freedom (not a great deal, but nonetheless an increase) and it makes profitability a near certainty by wiping the debt and setting up machinery for the payment of subsidies.

DATA PROCESSING

Challenge backing gives Sord big marketing boost

by Stephen Bell

WITH the force of Challenge Computers behind it (NBR, August 10), the Japanese Sord microcomputer range is set for a big thrust into the small business market; Sord product marketing manager John Hardwick even predicts some hot competition with major manufacturers' minicomputer ranges.

But even without the support of a large organisation, the Sord has been quietly successful in New Zealand, selling through small distributors co-ordinated by Hardwick's previous firm Compumax.

There are more than 150 Sords in the country already, processing business applications ranging from simple debtors' record-keeping to manufacturing control for the garment trade and freezing works cool store management.

The extensive Sord range runs from a \$5000 basic system up to a multi-user machine with terminals and a large applications software suite, which could top the \$100,000 mark (all prices after tax, Hardwick stressed).

It is at this top end that Sord will begin to move into com-

petition with the minis, even with the lower end of main-frame manufacturers' major ranges, says Hardwick.

An even more powerful machine in the range, expected here by the middle of next year, should extend this competitiveness. The 416 will allow multiple users to run multiple tasks from their terminals and will take Sord for the first time into the 16-bit word range.

The larger "word" gives a processor either the ability to handle larger amounts of memory more directly, or a more powerful machine language, or both. Either way, it adds considerably to the machine's price/performance.

Apart from improving Sord's competitiveness at the high end, it promises from a Challenge perspective to bridge the remaining gap between the

Sord range and the bottom end of the Facom V series, the range of Japanese minicomputers already handled by Challenge.

The Sord machines have usually been sold as complete configurations with software included. Packages have been developed by Sord and its local distributors and more can be expected to emerge from Challenge.

Process control and medicine — Challenge owns specialist bureau Medical Data Processing of Tauranga — are earmarked in particular for further development, and programs are being devised for the controversial farm management and farm accounting area, where the packages must be very much user-oriented.

Some of the farming programs developed in the Kellogg unit at Lincoln College (NBR,

July 27) have already been implemented on the Sord, says Hardwick.

Hardwick also sees an extension of Sord's embryonic ventures into manufacturing. Packages available from Japan, using the machine's powerful graphics, already fit it well for computer-aided design and manufacturing, an emerging field locally.

On the commercial side, the machines are already equipped with competent planning tools suitable for small businesses. "It's a good 'what if' tool," said Hardwick: the small business operator can keep a "model" of the business, feed in details of planned changes to the operation or anticipated changes in the economic environment, and predict the effects.

"The right steps can then be taken early. The large proportion of small

businesses in this country offer a promising market, says Hardwick. Many such businesses are turning over \$2 million a year. "So the system has only got to make them a 1 per cent saving in the first year and it's paid for itself."

Does Hardwick expect any drastic changes in the marketing of the Sord as a result of the Challenge takeover? "Better distribution, of course, better service and better software." Perhaps most significantly, there will be an increase in customer confidence.

"With Compumax selling the machine, the customer must always have had in the back of his mind 'what happens if John Hardwick gets hit by a bus'. Now I'm no longer the sole key man; just the product marketing manager," Hardwick said.

Business-oriented DP staff sought

IN line with computer suppliers' awareness of the need for software which speaks the language of the user (NBR, July 27) DP personnel consultants are finding they are asked increasingly for user-oriented knowledge in the staff being requested for the DP department.

"There is an increasing demand by the user for someone who understands their business problems," said Peter Smales, of IDPE Personnel Services.

"In the future, we will find that we are asked for people with, for instance, specialised manufacturing knowledge, or skills in finance and banking, retailing or accounting."

With the development of software tools and packages promising to reduce the "coding" technical side of the programming task, "it will not be so important to be a computer technical wizard as to know what makes a specific industry tick," said Smales.

Another interesting and

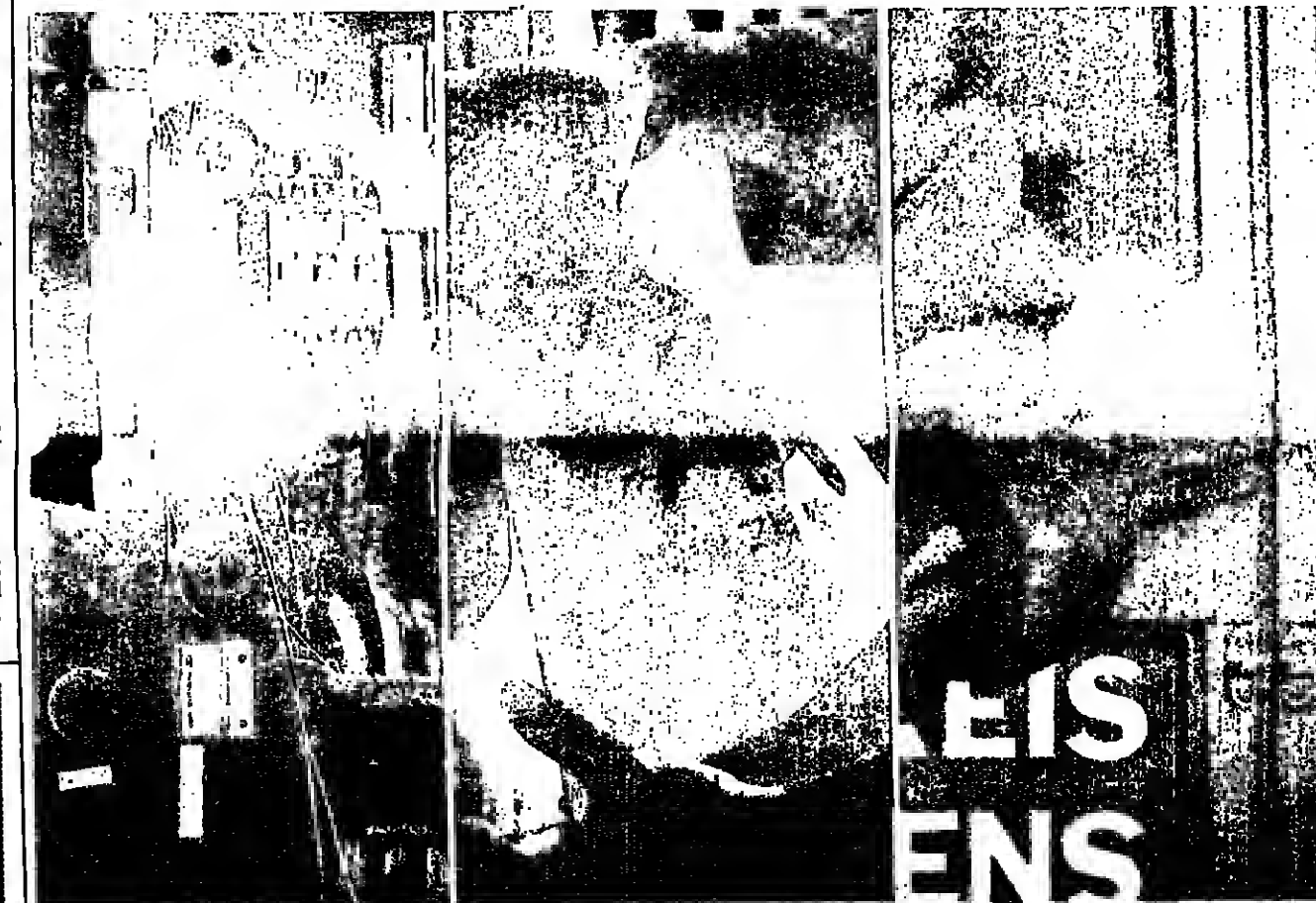
perhaps paradoxical trend is towards the employment of graduates in the computer industry, particularly in large software houses.

Despite a good deal of uncomplimentary comment from computer users on the irrelevance of university qualifications, the demand for graduates in mathematical disciplines and, of course, business studies, is strong.

"Some of the easiest people to place are bachelor of business studies graduates from Massey University. A large number of Auckland companies look there for their computer people nowadays."

The demand for mathematics graduates is difficult to explain, Smales acknowledged. "It probably just shows a greater ability to think, and to work in a disciplined environment."

"When a software house has had a policy of employing graduates in the past, they tend to stick with it," he told NBR.



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ELECTION WATCH '81

Next week — Wellington

DATA
PROCESSING

Taking electronic information direct to users . . . the

THE merging of office tasks and electronic information technology virtually demands a new flexible attitude to information as a utility, and particularly to its communication from one place to another.

In the conventional "data processing" environment, this is still a cumbersome business. Communications networks are widely used, but require complex software to direct the right message to the right destination.

As for extending the network or shifting a terminal or processor to cope with changing conditions, this is usually a major exercise, requiring the laying of cables, often the pulling up of floor tiles and disruption to the network's activities.

When this is finished the new "structure" of the network needs to be redefined to the computer system, and perhaps

more processing or communications gear added to cope with the new workload.

All this clearly won't do for the office, which has always treated information flexibly. The shorthand-taker is (usually) available wherever needed; the appropriate books and papers can be carried from room to room; even the typewriter or telephone can be shifted with relative ease. Information facilities have always been available with little trouble.

Office staff need an electronic utility which gives them information with the ease and plugging into a wall socket gives electricity. By comparison, the typical computer network is about as flexible as a cement heating system.

One promising genre of solutions to the instant office information problem lies in what are

becoming known as local area networks (LANs). Designed specifically for operation within a single building or local group of buildings, they are based on a simple "backbone" information channel, to which word processors, computers, storage devices and other electronic information devices can be hooked and unhooked as required.

The currently dominant LAN scheme, and the one furthest advanced is Ethernet, a joint project of Rank Xerox, Digital Equipment and Intel.

Some 20 office equipment companies have already announced their acceptance of Ethernet as a de facto standard, but several hundred firms are reputed to have discreetly bought licences to operate Ethernet with their own hardware.

The strength of the system is

in its simplicity. The permanent office network consists of joined lengths of coaxial cable. Devices are attached with a clamp, incorporating a needle which pierces a fine hole in the cable insulation to make the connection.

The network can be a complex branching system or a single long cable — one suggested simple configuration for a multi-floor building is to run the cable vertically up the building, diverting it to make a loop around each floor.

Ethernet devices put data on to the network as a series of "packets", each carrying the "address" of the destination device.

The data is "broadcast" over the whole network whatever its shape. The destination device recognises its own address and picks the message up, while other devices disregard it.

When the destination device picks up the message it sends an acknowledgement out on to the network. If the message has not been acknowledged after a certain time — it may have become confused with other data — the originating device simply sends again.

One source compared Ethernet to a crowd of people with megaphones. "You shout your message again and again, and if everyone else happens to have shut up at that moment, your message gets through."

The analogy is perhaps a little unfair; before a message is sent out on the network, the originating device checks whether another is already there and if so it waits. If another message should arrive while the first is transmitting, both devices know immediately to shut up and send again, rather than waiting for an acknowledgement.

The interval before re-sending is selected randomly to reduce the chance of another collision, and with several

thousand attempts possible per second it's hardly noticeable that the message didn't get through first time.

A British rival, the Cambridge Ring system, has a more rigidly controlled scheme, with "packets" circling the network continuously, some addressed and full of data, some available — rather like taxis, except there's always an empty one around within a few milliseconds.

A prepared batch of data, with its address latches on to an empty packet and goes around until the destination node picks it up. Retries are not necessary, unless the data becomes "corrupted" with errors, when the packet is cleaned off the network by a monitor device and a retry requested.

Though these systems simplify the task of moving messages and delivering them at much higher speeds — 10 million bits per second for Ethernet, compared to 9600 for a fast conventional terminal link — the problem of capacity

Trained 'mouse' sniffs

THE mouse crawls up the icon — or how an office terminal should really be designed.

Rank Xerox chose the Chicago National Computer Conference earlier this year to release the electronic office product observers have long been waiting for: the workstation originally code-named Alto, but christened the Star in its production version.

The Alto was developed in the early 1970s as a research product. It's not strictly accurate to call the Star a production version of the Alto, but it has clearly taken most of its ideas, with improvements, and embodied them in a saleable context.

The Star is significantly different from the company's previous seven workstations in being aimed deliberately at the middle management "knowledge worker" rather than the secretary or the word processing or data entry operator.

Even independent commentators seem to agree that Star provides the rich repertoire of information-processing functions required by such a user, combined with "mini-computer" way of communicating with the user.

The fine resolution text and graphics capabilities of the screen are used not only to create different typefaces and diagrams, but to present to the user an image of the top of a (fifty) desk. Folders, files and pieces of "paper" which the user requires to do a particular job are represented on the screen as "icons".

The user can simply point a folder in the screen and request through a command he that it be "opened".

An index of the documents in the folder is displayed and the document can be brought to the screen, scanned and amended, then resubmitted into the folder, stored in another folder or sent to another user's simulated "desktop" on their Star screen.

Naturally, more than one document can be displayed at the same time, to compare content, and each document can be moved independently on the screen.

The "desktop" even embodies simulated in-tray and out-tray as well as a mailbox for receiving communications from other users. Needless to say, it is virtually impossible to lose a document.

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DATA
PROCESSING

The office of the future

invisible network encompassing the office

is still there. Sooner or later, the line gets filled up with information, there are no quiet spots in the shouting match and no empty taxis.

For such high-capacity systems the alternative "broadband" philosophy has been designed, and this bids to be a fair competitor to the Ethernet and Cambridge "baseband" systems, which transmit information only on a narrow range of signal frequencies.

The broadband systems use a wider range which is subdivided into several channels, like radio or television reception; broadband LAN can, in fact, use components already manufactured for cable television.

The individual piece of office equipment can "tune in" to the particular channel of information desired and contends only with other devices linked to that channel. It can, of course, communicate only with the devices on one channel, but it can easily retune, and there are various "bridge" facilities

developed for cross-channel information.

The prime broadband contender in the LAN stakes was officially announced by Wang Computer at the end of June in the United States. "Our bigger corporate customers there are already installing cables for the Wangnet system," said a local Wang spokesman. It will be early next year before the equipment is available to run the system practically.

But Wang's Robin Hagen suggested that cables for LAN's would in future be installed "when the building is put up"; an interesting new version of the manufacturer tie-in.

Although Wangnet can accommodate non-Wang equipment, the manufacturer's own hardware will clearly be more efficient and at least some Wang network control hardware will be required.

A user thinking of changing his brand of LAN may be faced with a radical alteration to building services and this could well influence a decision to stay with the existing manufacturer.

Wangnet is claimed to have a superior information carrying capacity to Ethernet and Wang foresees a broad spectrum of uses for an office network system, placing voice and video transmission alongside data and text.

Part of Wangnet's capacity is specifically earmarked for video transmission, lending itself to "teleconferencing" and local dissemination of videorec information. Another band is designed for satellite transmission through the private or shared aerials predicted as a feature of international company operations of the future.

Conventional data processing and word processing equipment from other suppliers can be hooked into another communications band, but the fastest band is, naturally, reserved for Wang equipment.

A theoretical maximum of 64,000 devices can transmit at a rate of 4 million bits a second

simultaneously on the Wang Band, Hagen told NBR.

Like Ethernet, the Wang system transmits its data in addressed "packets" and the physical connection is a similar removable clamp. But Wangnet is a frequency modulated system and therefore needs modems, like those used on conventional Post Office data transmission lines, to connect equipment.

This raises the cost of installing a system, but against this, Wang points out that the cabling is less expensive than Ethernet and that the information-carrying capacity is larger. The end cost thus works out less, Wang claims.

No official release date has been set for Ethernet or Wangnet in New Zealand, though there are suggestions that large Australian companies may be among the first test sites for Wang.

LAN is certainly there to support adventurous multimedia electronic communication in the office. The question we posed last week still holds; is anyone here really ready to use such advanced capabilities competently?

ELECTION WATCH '81

Next week — Wellington

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"It has saved us years in development time." That's a comment from Ted Cavanagh, General Manager of the Southland Building and Investment Society, a pioneer LINC user.

From another user, John Denton, Corporate Manager for Business Systems Ceramco: "The LINC system has a definite management bias, short circuiting the need for traditional data processing skills."

LINC puts control back in the boardroom. Before all that sounds too impossible we'd better explain.



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LINC is a new development. Its full name, by the way, is "Logic and Information Network Compiler." It's the one that tames the computer wolf. Finally.

For details, write on your letterhead to: Brian Clark, Burroughs Limited, P.O. Box 3240, Wellington

Burroughs

The office of the future

Wang stays basically with existing concepts

WHILE Rank Xerox has adopted a novel distributed attitude to its local area network design, Wang seems intent for the foreseeable future to use its existing products and enhancements of them to communicate through Wangnet.

Spokesman Robin Hagen saw Wangnet as a tool for connecting processors with workstations and other peripherals connected to these processors, in much the same way as at present.

"Of course, the processors could get very small," he conceded; but he did not foresee any equivalent of Rank Xerox's Star and 860 workstations and 8000 series of disc storage and printing units, connected directly to the network.

At present, the smallest piece of Wang hardware connectable to the local area network is the Wangwriter, originally conceived as a stand-alone word processor.

A Wangnet connection could allow secretaries within the same or adjacent firms to pass documents to one another without committing them to paper.

"In Auckland, we have buildings with five or six legal firms all using Wang equipment, and often the firm on the first floor and the one on the fourth floor will be involved on opposite sides of the same litigation," said Hagen.

More adventurously, Wangnet has potential for linking Wang's Office Information System processors or its groups of clustered word processing terminals, or its VS series of main processors.

On the OIS front, Wang has had a previous flirtation with small-scale local networking, in the form of its Wang Inter-System Exchange (Wise), which connected up to four OIS installations, using a

similar dual coaxial cable to that used in Wangnet.

Both Wise and the cluster controller appear to have contributed greatly to the Wangnet concept.

Wangnet provides a transmission speed of 12 million bits per second on the "band" of frequencies dedicated in Wang equipment. The separate band available for other manufacturers' equipment operates more slowly and is connected in a different way.

Equipment is connected to the Wang band through a specialised interface unit, which performs much of the communications administration, leaving the processor itself with a straightforward interface.

Connection of "foreign" equipment to the interconnect band is achieved with modems, similar to those used on conventional telephone connections, but capable of dealing with a range of frequencies,

and so "tuning in" to different communications channels.

The modem leaves a lot more of the sorting out of the incoming data to the processor than goes the specialised interface device, Hagen confirmed.

Despite the different organisation of Wangnet and Ethernet, a user at a terminal will have essentially the same facilities; he or she will be able to communicate with an individual terminal on another processor and have access to

data or programs on that processor.

After provision for Wang communication, "foreign" system communication and a band reserved for video signals, a considerable amount of the available communications capacity — as much as 60 per cent — is still unused.

Wang's double-cable scheme — one for sending, one for receiving — doubles the information carrying capacity, though the cables will clearly

be more difficult to install.

The fact that Wang has gone to this trouble to preserve a good deal of the capacity unused indicates some adventurous ideas in the future for this remaining "space" on the cables.

Wang's large dedicated customers in the United States will doubtless be among the first Wangnet users. The United States State Department and the Equitable Life insurance company have already standardised on Wang equipment.

Paperwork sorted out in new feeder systems

IN the rapid move to office automation, some of the more mundane aspects may have been overlooked on the local market. So says Frank Ollie, of David Reid Data Products.

The step of moving the computer into the office is not simply a matter of high technology, says Ollie. It involves such down-to-earth questions as how the machine handles office-type paper rather

than continuous stationery and where, in an office accustomed to paperwork, one files miscellaneous magnetic media.

Even some of the printers designed to produce "letter quality" print neglect the fact that this implies the handling of separate sheets in bulk. The printers are capable of handling single sheets, but no delivery mechanism is available.

David Reid has already made

one move to fill the gap, with an agency for a range of paper-fed products from Swiss company Rütishauser — in Europe, said Ollie, awareness of the need for efficient paper delivery mechanisms is high.

Single or double-feed sheet feeders are available from Rütishauser, the latter giving the ability to deal with header and continuation sheets.

Rütishauser also supplies

electronic and mechanical "front loaders", designed chiefly for use with ledger cards. One version of the front loader allows convenient printing on separate sheets and continuous stationery.

Thus a continuous journal record can be produced at the same time as letter-quality material.

Prices range from \$850 for the mechanical units to \$2,250

for a completely automatic front loader.

Scheduled for release here soon through David Reid is Florida Data's Office Systems Printer, which incorporates multiple paper feed mechanisms, handling continuous stationery, separate sheets — though with only a single cartridge — and card stock.

Media storage is another area where David Reid is already active. Its plastic envelopes and plastic boxes for storage of floppy discs were on show at the Computer Society's Queensland conference.

The Chicago National Computer Conference was also notable for "people in supplies and accessories," said Ollie. Suppliers of media storage and media cleaning products from the United States and Europe were heavily represented.

"It looks like the United States is ready to embrace proper handling of media," said Ollie.

Awareness on this front was also developing in Auckland, he said, but the Wellington market was lagging.

Computer interface for typewriter

A computer interface produced in New Zealand for Adler Business Machines' SE1010 electronic typewriter is being considered for overseas release by the German patent company.

The device links the daisy-wheel typewriter into an asynchronous computer port in accordance with the widely used RS232 standard, which will allow it to be hooked into most makes of processor.

The typewriter can then act effectively as a terminal as well

as a "letter quality" printer, an element increasingly in demand for automated office systems.

The interface was developed for Adler by Sicom, of Christchurch. An observer from the German company was in New Zealand recently, and according to a spokesman for the New Zealand office "he thinks we've got a winner, and he's talking about export."

Several "computer-type" elements have already been produced by Adler for the

SE1010, and are scheduled for release here in the next few months.

These include a multi-character memory module, aimed chiefly at storage of frequently-used phrases for speeding word processing, a more extensive diskette storage unit and a single-line LED visual display, which may be rather slower to make its appearance here.

The local product clearly fits well into this general trend, and it is surprising that no interface

of its type has been produced by Adler or collaborators overseas.

Also possibly in the wind is a relex interface, allowing the typist to send a relex message directly, without having to queue at a single office telex machine.

This interface has already been released for Adler's golfball typewriters and can be expected to appear on the SE1010 in due course, said the spokesman.

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